

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Group</u>	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Interest income	A16	2,978,987	2,710,569	8,877,315	8,171,233
Interest expense	A17	(1,207,562)	(1,042,572)	(3,518,123)	(3,192,566)
Net interest income		1,771,425	1,667,997	5,359,192	4,978,667
Income from Islamic Banking					
Scheme operations:					
Gross operating income		404,255	332,041	1,184,384	1,040,649
Profit equalisation reserves		(16,483)	9,447	(65,533)	38,344
	A28b	387,772	341,488	1,118,851	1,078,993
		2,159,197	2,009,485	6,478,043	6,057,660
Net income from insurance business:					
Income from insurance business		162,382	165,497	457,874	473,041
Claims incurred		(78,290)	(63,628)	(245,996)	(216,697)
		84,092	101,869	211,878	256,344
		2,243,289	2,111,354	6,689,921	6,314,004
Non-interest income	A18	928,844	943,941	2,917,995	2,866,524
Net income		3,172,133	3,055,295	9,607,916	9,180,528
Overhead expenses	A19	(1,553,956)	(1,442,613)	(4,690,069)	(4,350,904)
		1,618,177	1,612,682	4,917,847	4,829,624
Allowance for losses on loans, advances and financing	A20	(72,201)	(226,058)	(454,449)	(905,523)
Impairment losses on securities, net		4,292	42,501	(15,930)	409
Operating Profit		1,550,268	1,429,125	4,447,468	3,924,510
Share of profits in associates		25,305	26,020	94,470	86,804
Profit before taxation and zakat		1,575,573	1,455,145	4,541,938	4,011,314
Taxation & Zakat	B5	(389,311)	(391,861)	(1,175,402)	(1,017,897)
Profit for the period		1,186,262	1,063,284	3,366,536	2,993,417
Attributable to:					
Equity holders of the parent		1,142,600	1,030,388	3,295,962	2,905,693
Minority Interest		43,662	32,896	70,574	87,724
		1,186,262	1,063,284	3,366,536	2,993,417
Earnings per share attributable to equity holders of the parent	B13				
Basic		15.60 sen	14.56 sen	45.86 sen	41.05 sen
Fully diluted		15.52 sen	14.56 sen	45.62 sen	41.05 sen

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Group</u>	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit for the period		1,186,262	1,063,284	3,366,536	2,993,417
Other comprehensive (loss)/income:					
Net gain/(loss) on available-for-sale financial assets		46,672	(29,036)	(121,497)	362,060
Income tax relating to components of other comprehensive income		(12,120)	(1,306)	46,448	(76,874)
Foreign currency translation		(14,695)	(391,439)	(346,630)	(128,743)
Revaluation reserve from investment properties		-	(547)	-	9,795
Effects on adoption of Risk Based Capital ("RBC") Framework for insurance subsidiaries		-	-	-	(11,470)
Other comprehensive (loss)/income: for the period, net of tax		19,857	(422,328)	(421,679)	154,768
Total comprehensive income for the period		1,206,119	640,956	2,944,857	3,148,185
Total comprehensive income for the period attributable to:					
Equity holders of the parent		1,164,328	607,155	2,878,911	3,047,532
Minority Interest		41,791	33,801	65,946	100,653
		1,206,119	640,956	2,944,857	3,148,185

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Bank</u>	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Interest income	A16	2,255,602	2,109,478	6,797,565	6,393,344
Interest expense	A17	(913,569)	(784,062)	(2,657,845)	(2,414,317)
Net interest income		1,342,033	1,325,416	4,139,720	3,979,027
Non-interest income	A18	658,913	710,810	2,204,564	2,670,971
Net income		2,000,946	2,036,226	6,344,284	6,649,999
Overhead expenses	A19	(937,494)	(902,941)	(2,830,904)	(2,778,079)
		1,063,452	1,133,285	3,513,380	3,871,920
Allowance for losses on loans, advances and financing	A20	61,444	(106,495)	(77,434)	(424,582)
Impairment losses on securities, net		5,779	47,194	905	3,282
Profit before taxation and zakat		1,130,675	1,073,984	3,436,851	3,450,619
Taxation	B5	(304,808)	(297,463)	(882,777)	(933,082)
Profit for the period		825,867	776,521	2,554,074	2,517,537

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Bank</u>	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit for the period		825,867	776,521	2,554,074	2,517,537
Other comprehensive income:					
Net (loss)/gain on available-for-sale financial assets		84,596	(19,450)	(192,507)	222,881
Income tax relating to components of other comprehensive income		(20,523)	5,377	58,219	(55,062)
Foreign currency translation		22,634	(150,055)	148,654	(130,312)
Other comprehensive income: for the period, net of tax		86,707	(164,128)	14,366	37,507
Total comprehensive income for the period		912,574	612,393	2,568,440	2,555,044

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	GROUP		BANK	
		31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
ASSETS					
Cash and short-term funds		31,988,872	28,707,992	20,413,640	19,403,616
Deposits and placements with financial institutions		8,495,385	8,915,375	7,343,981	7,098,198
Securities purchased under resale agreements		483,754	371,237	483,754	371,237
Securities portfolio	A9	64,235,465	54,170,046	55,865,868	47,544,091
Loans, advances and financing	A10	234,086,727	205,555,067	168,437,070	151,469,585
Derivative assets	A27	2,741,079	1,306,769	2,708,040	1,281,682
Other assets	A11	5,028,237	5,319,548	2,371,365	3,832,316
Investment properties		45,091	45,324	-	-
Statutory deposits with Central Banks		4,421,177	4,471,382	2,137,309	1,932,981
Investment in subsidiaries		-	-	12,700,392	12,653,377
Interests in associates		2,327,074	2,471,438	453,412	418,700
Property, plant and equipment		1,351,085	1,359,852	1,050,733	1,077,597
Intangible assets		4,296,328	4,480,714	185,326	160,710
Deferred tax assets		1,884,293	1,564,963	1,372,968	1,148,176
Life, general takaful and family takaful fund assets		18,957,374	17,960,059	-	-
TOTAL ASSETS		380,341,941	336,699,766	275,523,858	248,392,266
LIABILITIES					
Deposits from customers	A12	260,738,982	236,909,788	186,213,773	175,379,741
Deposits and placements of banks and other financial institutions	A13	33,962,978	23,257,868	32,851,108	22,929,822
Obligations on securities sold under repurchase agreements		148,614	407,056	29,715	-
Bills and acceptances payable		3,776,250	3,061,586	3,356,193	2,898,997
Derivative liabilities	A27	2,562,778	1,346,242	2,493,675	1,291,498
Other liabilities	A15	9,331,724	6,951,520	6,236,444	3,555,869
Recourse obligation on loans sold to Cagamas		548,156	649,977	548,156	649,977
Provision for taxation and zakat		573,383	466,889	375,438	283,353
Deferred tax liabilities		177,611	151,109	-	-
Borrowings	A14(i)	4,846,024	2,824,864	3,422,002	2,098,317
Subordinated obligations	A14(ii)	8,006,776	8,069,116	7,006,776	8,069,116
Capital Securities	A14(iii)	6,031,678	5,978,752	6,031,678	5,978,752
Life, general takaful and family takaful fund liabilities		4,879,982	5,021,911	-	-
Life, general takaful and family takaful policy holders' funds		14,077,392	12,938,148	-	-
TOTAL LIABILITIES		349,662,328	308,034,826	248,564,958	223,135,442

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	GROUP		BANK	
		31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
SHAREHOLDERS' EQUITY					
Share capital		7,322,240	7,077,983	7,322,240	7,077,983
Reserves		22,553,154	20,799,193	19,636,660	18,178,841
		29,875,394	27,877,176	26,958,900	25,256,824
Minority Interest		804,219	787,764	-	-
Total equity		30,679,613	28,664,940	26,958,900	25,256,824
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		380,341,941	336,699,766	275,523,858	248,392,266
COMMITMENTS AND CONTINGENCIES	A25	236,083,132	232,273,335	224,275,166	213,216,362
CAPITAL ADEQUACY	A26				
Based on credit, market and operational risk:					
Basel II					
Before deducting electable portion dividend to be reinvested:					
Core capital ratio		11.64%	-	13.26%	-
Risk-weighted capital ratio		14.17%	-	13.26%	-
After deducting electable portion dividend to be reinvested:					
Core capital ratio, assuming:					
- full electable portion paid in cash		11.09%	-	12.56%	-
- full electable portion reinvested		11.64%	-	13.26%	-
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		13.62%	-	12.56%	-
- full electable portion reinvested		14.17%	-	13.26%	-
Basel I					
Before deducting proposed dividend: *					
Core capital ratio		-	11.06%	-	15.02%
Risk-weighted capital ratio		-	14.67%	-	15.02%
After deducting proposed dividend:					
Core capital ratio, assuming:					
- full electable portion paid in cash		-	10.10%	-	13.78%
- full electable portion reinvested		-	10.97%	-	14.91%
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		-	13.71%	-	13.78%
- full electable portion reinvested		-	14.58%	-	14.91%
Net assets per share attributable to equity holders of the parent		RM4.08	RM3.94	RM3.68	RM3.57

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividends for respective financial years were not deducted.

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Group</u>	<===== Non Distributable =====>										
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2010											
- as previously stated	7,077,983	5,903,497	5,553,999	15,250	340,936	(949,434)	9,057	9,925,888	27,877,176	787,764	28,664,940
- effect of adopting FRS 139	-	-	-	-	(47,921)	-	-	(172,088)	(220,009)	(5,786)	(225,795)
- effect of adopting FRS 4	-	-	-	-	-	-	-	1,800	1,800	807	2,607
At 1 July 2010, as restated	7,077,983	5,903,497	5,553,999	15,250	293,015	(949,434)	9,057	9,755,600	27,658,967	782,785	28,441,752
Profit for the period	-	-	-	-	-	-	-	3,295,962	3,295,962	70,574	3,366,536
Other comprehensive income	-	-	-	-	(72,357)	(344,694)	-	-	(417,051)	(4,628)	(421,679)
Total comprehensive income for the period	-	-	-	-	(72,357)	(344,694)	-	3,295,962	2,878,911	65,946	2,944,857
Effect of disposal to minority interests	-	-	-	-	-	-	-	12,759	12,759	1,988	14,747
Effect of Redemption on Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	-	-	-	-	-	(46,500)	(46,500)
Transfer to/(from) statutory reserves	-	-	638,700	-	-	-	-	(638,700)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8)	244,257	1,635,901	-	-	-	-	-	-	1,880,158	-	1,880,158
Dividend paid (Note A8)	-	-	-	-	-	-	-	(2,335,734)	(2,335,734)	-	(2,335,734)
Dividend payable (Note A8)	-	-	-	-	-	-	-	(219,667)	(219,667)	-	(219,667)
Total transactions with shareholders	244,257	1,635,901	638,700	-	-	-	-	(3,181,342)	(662,484)	(44,512)	(706,996)
At 31 March 2011	7,322,240	7,539,398	6,192,699	15,250	220,658	(1,294,128)	9,057	9,870,220	29,875,394	804,219	30,679,613

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Group</u>	<===== Non Distributable =====>								Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserves RM'000	Revaluation Reserve RM'000				
At 1 July 2009	7,077,663	5,901,692	4,664,983	15,250	(148,388)	(666,885)	63,191	2,742	7,988,498	24,898,746	869,231	25,767,977
Profit for the period	-	-	-	-	-	-	-	-	2,905,693	2,905,693	87,724	2,993,417
Other comprehensive income	-	-	-	-	268,714	(130,347)	-	6,764	(3,292)	141,839	12,929	154,768
Total comprehensive income for the period	-	-	-	-	268,714	(130,347)	-	6,764	2,902,401	3,047,532	100,653	3,148,185
Transfer to/(from) statutory reserves	-	-	645,320	-	-	-	-	-	(645,320)	-	-	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125
Transfer (from)/to share option reserve	-	-	-	-	-	(63,191)	-	-	63,191	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(1,008,613)	(1,008,613)	-	(1,008,613)
Total transactions with shareholders	320	1,805	645,320	-	-	-	(63,191)	-	(1,590,742)	(1,006,488)	-	(1,006,488)
At 31 March 2010	7,077,983	5,903,497	5,310,303	15,250	120,326	(797,232)	-	9,506	9,300,157	26,939,790	969,884	27,909,674

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FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Bank</u>	<===== Non Distributable =====>						Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Distributable Retained Profits RM'000		
At 1 July 2010								
- as previously stated	7,077,983	5,903,497	5,372,770	269,016	(12,495)	6,646,053	25,256,824	
- effect of adopting FRS 139	-	-	-	(40,368)	-	(150,753)	(191,121)	
At 1 July 2010, as restated	7,077,983	5,903,497	5,372,770	228,648	(12,495)	6,495,300	25,065,703	
Profit for the year	-	-	-	-	-	2,554,074	2,554,074	
Other comprehensive (loss)/income	-	-	-	(134,288)	148,654	-	14,366	
Total comprehensive income for the period	-	-	-	(134,288)	148,654	2,554,074	2,568,440	
Transfer to/(from) statutory reserve	-	-	638,700	-	-	(638,700)	-	
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8)	244,257	1,635,901	-	-	-	-	1,880,158	
Dividend paid (Note A8)	-	-	-	-	-	(2,335,734)	(2,335,734)	
Dividend payable (Note A8)	-	-	-	-	-	(219,667)	(219,667)	
Total transactions with shareholders	244,257	1,635,901	638,700	-	-	(3,194,101)	(675,243)	
At 31 March 2011	7,322,240	7,539,398	6,011,470	94,360	136,159	5,855,273	26,958,900	

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Bank</u>	<===== Non Distributable =====>						Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000		
At 1 July 2009	7,077,663	5,901,692	4,483,770	(83,433)	139,771	63,191	4,927,790	22,510,444
Profit for the period	-	-	-	-	-	-	2,517,537	2,517,537
Other comprehensive income	-	-	-	167,819	(130,312)	-	-	37,507
Total comprehensive income for the period	-	-	-	167,819	(130,312)	-	2,517,537	2,555,044
Transfer to/(from) statutory reserves	-	-	630,000	-	-	-	(630,000)	-
Transfer (from)/to share option reserve	-	-	-	-	-	(63,191)	63,191	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	2,125
Dividend paid	-	-	-	-	-	-	(1,008,613)	(1,008,613)
Total transactions with shareholders	320	1,805	630,000	-	-	(63,191)	(1,575,422)	(1,006,488)
At 31 March 2010	7,077,983	5,903,497	5,113,770	84,386	9,459	-	5,869,905	24,059,000

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

	GROUP		BANK	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit before taxation	4,541,938	4,011,314	3,436,851	3,450,619
Adjustments for non-operating and non-cash items	<u>(30,592)</u>	779,636	<u>(286,261)</u>	<u>(366,105)</u>
Operating profit before working capital changes	4,511,346	4,790,950	3,150,590	3,084,514
Changes in working capital:-				
Net changes in operating assets	<u>(14,546,956)</u>	9,426,538	<u>(14,029,112)</u>	11,413,034
Net changes in operating liabilities	12,554,463	(3,293,400)	12,374,399	(5,155,664)
Tax expense and zakat paid	<u>(1,229,550)</u>	(915,730)	<u>(910,492)</u>	<u>(981,645)</u>
Net cash generated from operations	<u>1,289,303</u>	10,008,358	<u>585,385</u>	8,360,239
Net cash generated from investing activities	41,664	111,544	164,240	658,453
Net cash generated from / (used in) financing activities	<u>1,744,934</u>	<u>(250,415)</u>	<u>747,624</u>	<u>(250,415)</u>
	<u>1,786,598</u>	<u>(138,871)</u>	<u>911,864</u>	<u>408,038</u>
Net change in cash and cash equivalents	3,075,901	9,869,487	1,497,250	8,768,277
Cash and cash equivalents at beginning of year *	<u>28,055,361</u>	22,672,285	<u>18,916,390</u>	16,518,357
Cash and cash equivalents at end of period	<u>31,131,262</u>	32,541,772	<u>20,413,640</u>	25,286,634
Cash and cash equivalents included in the cash flow statements comprise the following Financial Position amounts:				
Cash and short-term funds	31,988,872	32,622,775	20,413,640	25,286,634
Less : Monies held in trusts	<u>(857,610)</u>	<u>(81,003)</u>	-	-
	<u>31,131,262</u>	32,541,772	<u>20,413,640</u>	25,286,634
* Cash and cash equivalents at beginning of year				
Cash and short term funds as previously reported	28,707,992	23,607,979	19,403,616	17,448,312
Effects of foreign exchange rate changes	<u>(652,631)</u>	<u>(935,694)</u>	<u>(487,226)</u>	<u>(929,955)</u>
As restated	<u>28,055,361</u>	22,672,285	<u>18,916,390</u>	16,518,357

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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Part A: Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited condensed interim financial statements for the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale, derivative financial instruments and investment properties.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2010.

The unaudited condensed interim financial statement incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposit and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2010 except for adoption of the following Financial Reporting Standard ("FRS"), amendments to FRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR"):

- (i) FRS 1: First-time Adoption of Financial Reporting Standards
- (ii) FRS 3: Business Combinations (revised)
- (iii) FRS 4: Insurance Contracts
- (iv) FRS 7: Financial Instruments-Disclosures
- (v) FRS 101: Presentation of Financial Statements (revised 2009)
- (vi) FRS 123: Borrowing Costs
- (vii) FRS 127: Consolidated and Separate Financial Statements (amended)
- (viii) FRS 139: Financial Instruments - Recognition and Measurement
- (ix) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- (x) Amendments to FRS 2: Share-based Payment
- (xi) Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- (xii) Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- (xiii) Amendments to FRS 132: Financial Instruments: Presentation
- (xiv) Amendments to FRS 132: Financial Instruments: Presentation (Classification of Rights Issues)
- (xv) Amendments to FRS 138: Intangible Assets
- (xvi) Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
- (xvii) Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2009)'
- (xviii) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xix) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xx) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- (xxi) IC Interpretation 12: Service Concession Arrangements
- (xxii) IC Interpretation 13: Customer Loyalty Programmes
- (xxiii) IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- (xxiv) IC Interpretation 15: Agreements for the Construction of Real Estate
- (xxv) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- (xxvi) IC Interpretation 17: Distributions of Non-cash Assets to Owners

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A1. Basis of Preparation (cont'd.)

- (xxvii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- (xxviii) TR - 3: Guidance on Disclosures of Transition to IFRSs
- (xxix) TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions
- (xxx) SOP i - 1: Financial Reporting from an Islamic Perspective

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Group and the Bank, except for the following:

- (i) the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs, IC Interpretations and relevant Bank Negara Malaysia ("BNM") Guidelines, which are disclosed in Note A29;
- (ii) the adoption of FRS 101, FRS 7, TR i - 3 and amendments to FRS 132 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves; and
- (iii) the adoption of FRS 4.

The following new FRSs, amendments to FRS have been applied by the Group and the Bank on 1 July 2010 are as follows:

- (i) Amendments to FRS 2: Share-based Payment
- (ii) Amendments to FRS 138: Intangible Assets

The following new FRSs, amendments to FRS and IC Interpretations have been issued but are not yet effective, which will be effective for the financial periods beginning on or after 1 January 2011 and have not been adopted by the Group and the Bank:

- (i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- (ii) Additional Exemptions for First-time Adopters (Amendments to FRS 1)
- (iii) Group Cash-Settled Share-based Payment Transactions (Amendments to FRS 2)
- (iv) Amendments to FRS 7: Improving Disclosures about Financial Instruments
- (v) TR i - 4: Shariah Compliant Sale Contracts
- (vi) Amendments to FRSs [Improvements to FRSs (2010)]

The following new FRS have been issued but are not yet effective, which will be effective for the financial periods beginning on or after 1 January 2012 and have not been adopted by the Group and the Bank:

- (i) FRS 124: Related Party Disclosures

In addition to these, the Group and the Bank have also adopted BNM's Revised Guidelines for Financial Reporting for Banking Institutions revised on 10 March 2010 and Revised Guidelines for Classification and Impairment Provision for Loans/Financing revised on 17 December 2010. The effects of adopting these Guidelines are consistent with the application of FRS 139 and are disclosed in Note A29.

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A2. Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgment and complexity, are as follows:

(i) **Fair Value Estimation of Securities Held-for-trading (Note A9(i)), Securities Available-for-sale (Note A9(ii)) and Derivative Financial Instruments (Note A27)**

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flows method.

(ii) **Valuation of Investment Properties**

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent professional valuers.

(iii) **Impairment of Goodwill**

The Group tests annually whether the goodwill that has an indefinite life has suffered any impairment by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

(iv) **Impairment of Other Intangible Assets**

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

The determination of the estimated useful life of these intangible assets requires the Bank's management to analyse the circumstances, the industry and market practice and also to use judgment. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount.

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A2. Significant Accounting Estimates and Judgments (cont'd.)

(v) **Liabilities of Insurance Business**

(a) Life Fund

Liabilities of insurance business are determined in accordance with BNM's Risk-Based Capital Framework for insurers and valued using an actuarial valuation methodology, which is defined by the Framework as the Gross Premium Valuation method. The expected future cash flows are determined using best estimate assumptions with an appropriate allowance for provision of risk margin for adverse deviation from expected experience with at least 75% confidence level is secured in respect of guaranteed benefits.

(b) Family Takaful Fund

Family Takaful Fund is valued by annual actuarial valuation whereby estimates are made for future deaths, disabilities, maturities, instruments returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements.

(c) General Insurance and General Takaful Businesses

The establishment of technical provisions for general insurance and general takaful businesses, including unearned premium/contribution reserves, unexpired risk reserves and claim liabilities/provision for outstanding claims, are based on specific methodologies. The eventual settlement of contribution and claim liabilities may vary from initial estimates due to uncertainties including but not restricted to inflation, economic conditions, judicial interpretations and legislative changes.

(vi) **Deferred Tax and Income Taxes**

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognized based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(vii) **Impairment Losses on Loans, Advances and Financing**

The Group and Bank review its individually significant loans, advances and financing at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and relevant economic data.

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A2. Significant Accounting Estimates and Judgments (cont'd.)

(viii) Impairment of Investments in Subsidiaries and Interests in Associates

The Group and the Bank assess whether there is any indication that an investment in subsidiaries and interest in associates may be impaired at each balance sheet date.

If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group and Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Bank determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals
- (ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the balance sheet date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

(ix) Impairment of Securities Portfolio

The Group and Bank review the Securities Portfolio and assess at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

The impairment review comprises the following judgement made by Management:

- (i) Determination whether its investment is impaired following certain indicators or triggers such as, among others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluates various factors, such as historical fair value movement and the significant reduction in fair value.

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A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2010 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the third quarter and nine months ended 31 March 2011.

A5. Unusual Items Due to Their Nature, Size or Incidence

During the third quarter and nine months ended 31 March 2011, save as disclosed in Note A7, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

A6. Changes in Estimates

There were no material changes in estimates during the third quarter and nine months ended 31 March 2011.

A7. Changes in Debt and Equity Securities

Save as disclosed below, there were no cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and Bank.

(a) **Issuance of Shares**

The issued and paid-up share capital of the Bank was increased from RM7,077,982,768 as at 30 June 2010 to RM7,322,240,391 as at 31 March 2011, from the issuance of 244,257,623 new ordinary shares pursuant to the Dividend Reinvestment Plan completed on 20 December 2010. The new ordinary shares was listed on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2010.

(b) **Redemption of Islamic Subordinated Bonds**

The Bank had on 24 November 2010 fully redeemed the Islamic Subordinated Bonds Facility of RM1.0 Billion with a tenure of 10 years from issue date on a 10 Non-Callable 5 Basis ("Islamic Subordinated Bonds"). The Islamic Subordinated Bonds were issued in November 2005.

(c) **Issuance of USD700 million Syndicated Term Loan Facility**

The Bank had on 14 March 2011 entered into a Syndicated Term Loan Facility agreement of USD700 million. The proceeds of this term loan facility were used by the Bank for its working capital, general banking and corporate purposes.

(d) **Redemption of USD350 million Transferable Term Loan Facility**

The Bank had on 14 March 2011 redeemed the Transferable Term Loan Facility of USD350 million. The Transferable Term Loan Facility agreement was entered in March 2006.

(e) **Maybank Islamic Berhad's Issuance of Tier 2 Capital Islamic Subordinated Sukuk of RM1.0 billion in Nominal Value ("Subordinated Sukuk")**

On 31 March 2011, Maybank Islamic Berhad ("MIB"), a wholly owned subsidiary of Maybank, has successfully completed the issuance of RM1.0 billion Tier 2 Capital Islamic Subordinated Sukuk. Details of the issuance are disclosed in Note B8(f).

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A7. Changes in Debt and Equity Securities (cont'd)

(f) Issuance of bonds, medium term notes and borrowings by PT Wahana Ottomitra Multiartha and PT BII Finance Centre

During the financial period, PT Wahana Ottomitra Multiartha ("WOM Finance") and PT BII Finance Centre ("BII Finance"), the indirect subsidiaries of Maybank had issued bonds, medium term notes and borrowings amounting to approximately RM821 million. The proceeds of such issuances were used by WOM Finance and BII Finance for its working capital purposes.

A8. Dividends Paid

There was no dividend paid during the quarter ended 31 March 2011. Dividend paid and payable for the financial period ended 31 March 2011 are as follows:

- (a) A final dividend in respect of the financial year ended 30 June 2010 of 44 sen per share less 25% taxation, amounting to net dividend paid of RM2,335,734,313 was approved by the shareholders at the Annual General Meeting held on 29 September 2010.

The dividend consists of cash portion of 4 sen (3 sen net) per ordinary share to be paid in cash amounting to RM212,339,483 and an electable portion of 40 sen (30 sen net) per ordinary share amounting to RM2,123,394,830 which can be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of shares under the DRP was completed on 20 December 2010.

- (b) A first interim dividend of 28 sen per share less 25% taxation, was declared by the Bank on 21 February 2011.

The dividend consists of 4 sen (3 sen net per ordinary share) to be paid in cash amounting to RM219,667,212 and an electable portion of 24 sen (18 sen net per ordinary share) amounting to RM1,318,003,270 which can be elected to be reinvested in new ordinary shares in accordance with the DRP and subject to the relevant regulatory approvals.

The financial statements for the current financial quarter do not reflect the electable portion of 24 sen (18 sen net per ordinary share) as the number of new Maybank shares to be reinvested in accordance with the DRP is not finalised.

On 31 March 2011, Maybank announced that the issue price of new Maybank shares to be issued pursuant to the DRP has been fixed at RM7.70 per new Maybank share. The Book Closure Date pursuant to the first interim dividend and DRP was fixed on 14 April 2011. As at 5 May 2011, based on valid Dividend Reinvestment Forms ("DRF") received from shareholders, Maybank is required to issue 155,965,676 new ordinary shares RM1 each pursuant to the DRP. The new ordinary shares represent a reinvestment rate of 91.13%, out of the total 171,139,642 total numbers of new Maybank shares, had all entitled shareholders elected to reinvest their electable portion of interim dividend. The Group's core capital ratio and risk-weighted capital ratio as at 31 March 2011 after taking into consideration the reinvestment rate of 91.13% will be 11.60% and 14.12% respectively, while the Bank's core capital ratio and risk-weighted capital ratio is 13.19%. The new Maybank shares arising from the DRP will be listed on the Main Market of Bursa Malaysia Securities Berhad on 13 May 2011.

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A9. Securities Portfolio

	Note	Group		Bank	
		31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Securities held-for-trading	(i)	7,420,720	2,651,103	6,474,775	2,241,928
Securities available-for-sale	(ii)	47,512,620	42,576,235	41,178,860	37,446,841
Securities held-to-maturity	(iii)	9,302,125	8,942,708	8,212,233	7,855,322
		64,235,465	54,170,046	55,865,868	47,544,091

(i) Securities Held-for-trading

At Fair value

Money market instruments:-

Malaysian Government Securities	205,808	267,762	205,808	267,762
Malaysian Government Treasury Bills	135,772	25,727	135,772	25,727
Malaysian Government Investment Issues	104,751	50,818	49,995	25,453
Bank Negara Malaysia Bills and Notes	1,975	-	1,975	-
Khazanah Bonds	21,090	-	21,090	-
Bank Negara Malaysia Monetary Notes	4,485,926	605,006	4,059,901	581,545
Foreign Government Treasury Bills	97,223	509,037	97,223	509,037
Foreign Government Securities	390,268	90,780	161,433	-
Foreign Certificates of Deposits	230,237	228,598	-	-
Sukuk Ijarah Bonds	-	69,902	-	49,930
	5,673,050	1,847,630	4,733,197	1,459,454

Quoted securities:

Shares	7,886	22,802	7,886	22,802
	7,886	22,802	7,886	22,802

Unquoted securities:

Private and Islamic Debt Securities in Malaysia	479,305	594,816	479,305	594,816
Foreign Government Bonds	99,193	-	99,193	-
Foreign Private Debt Securities	1,161,286	185,855	1,155,194	164,856
	1,739,784	780,671	1,733,692	759,672

Total securities held-for-trading

	7,420,720	2,651,103	6,474,775	2,241,928
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(ii) Securities Available-for-sale

**At Fair value, or cost less impairment losses
for certain unquoted equity instruments**

Money market instruments:-

Malaysian Government Securities	4,141,024	5,284,696	4,059,352	5,195,698
Sukuk BNM Ijarah	7,466	-	-	-
Cagamas Bonds	1,326,842	1,978,555	1,160,047	1,746,559
Foreign Government Securities	7,200,326	7,357,037	5,176,929	5,012,151
Malaysian Government Investment Issues	6,676,876	5,655,221	3,252,162	3,153,796
Foreign Government Treasury Bills	2,616,029	2,489,382	2,343,506	2,352,420
Negotiable Instruments of Deposits	889,426	1,304,946	4,708,742	5,021,821
Bankers' Acceptances and Islamic Accepted Bills	2,482,697	1,104,706	2,173,514	1,026,207
Khazanah Bonds	1,148,693	830,758	847,679	578,002
Bank Negara Malaysia Monetary Notes	100,010	99,890	100,010	99,890
	26,589,389	26,105,191	23,821,941	24,186,544

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	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
A9. Securities Portfolio (cont'd.)				
(ii) Securities Available-for-sale (cont'd.)				
Quoted Securities: -				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	594,228	407,559	112,057	182,936
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	81,456	82,056	23,252	35,387
	675,684	489,615	135,309	218,323
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	581,411	701,289	375,494	447,159
Shares, trust units and loan stocks outside Malaysia	29,038	27,449	16,731	17,024
Private and Islamic Debt Securities in Malaysia	9,699,089	9,925,149	7,794,692	8,156,657
Malaysian Government Bonds	152,984	144,475	152,984	144,475
Foreign Government Bonds	1,741,055	110,006	1,665,404	-
Foreign Islamic Private Debt Securities	7,756,061	4,713,610	7,095,955	4,091,929
Credit Linked Notes	75,241	151,784	75,241	151,784
Malaysia Global Sukuk	212,668	207,667	45,109	32,946
	20,247,547	15,981,429	17,221,610	13,041,974
Total securities available-for-sale	47,512,620	42,576,235	41,178,860	37,446,841
(iii) Securities Held-To-Maturity				
At Amortised cost less impairment losses				
Money market instruments:-				
Malaysian Government Securities	6,215,306	6,237,200	6,215,199	6,237,092
Cagamas Bonds	11,730	11,794	11,730	11,794
Foreign Government Securities	790,340	824,404	-	-
Malaysian Government Investment Issues	526,748	527,466	376,343	377,000
Khazanah Bonds	17,169	16,603	17,169	16,603
	7,561,293	7,617,467	6,620,441	6,642,489
Unquoted Securities:-				
Private and Islamic Debt Securities in Malaysia	1,329,033	953,988	1,298,999	923,955
Malaysian Government Bonds	6,128	6,761	6,128	6,761
Foreign Government Bonds	24,022	-	24,022	-
Foreign Islamic Private Debt Securities	411,671	394,513	292,661	312,135
Others	2,044	2,044	2,044	2,044
	1,772,898	1,357,306	1,623,854	1,244,895
Accumulated impairment losses	(32,066)	(32,065)	(32,062)	(32,062)
Total securities held-to-maturity	9,302,125	8,942,708	8,212,233	7,855,322

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A10. Loans, Advances and Financing

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
At amortised cost				
Overdrafts	15,450,154	15,393,797	11,180,722	11,442,783
Term loans				
- Housing loans/financing	40,300,290	36,293,612	31,925,884	28,805,714
- Syndicated loan/financing	14,828,166	13,053,818	12,300,550	10,487,792
- Hire purchase receivables	45,469,119	40,748,909	22,368,466	21,414,413
- Lease receivables	4,020	3,462	3,272	3,272
- Other loans/financing	95,764,354	74,264,535	55,572,622	44,827,809
Credit card receivables	5,429,320	4,973,369	4,569,037	4,233,074
Bills receivable	3,469,120	2,289,004	3,452,660	2,256,164
Trust receipts	2,271,325	2,250,995	1,865,425	1,826,866
Claims on customers under acceptance credits	11,693,988	10,316,581	8,293,970	7,434,317
Loans/financing to banks and other financial institutions	7,261,525	10,406,605	7,164,179	10,232,000
Revolving credits	23,040,194	20,853,403	17,327,205	15,930,021
Staff loans	1,905,467	1,636,344	975,314	959,607
Housing loans to				
- Executive directors of subsidiaries	4,842	839	357	435
Others	318,487	348,403	-	-
	267,210,371	232,833,676	176,999,663	159,854,267
Unearned interest and income	(25,416,066)	(19,575,236)	(2,817,690)	(2,775,394)
Gross loans, advances and financing	241,794,305	213,258,440	174,181,973	157,078,873
Allowances for impaired loans and financing:				
- individual	(3,142,388)	-	(2,231,145)	-
- collective	(4,565,190)	-	(3,513,758)	-
- specific	-	(3,864,832)	-	(2,842,531)
- general	-	(3,838,541)	-	(2,766,757)
Net loans, advances and financing	234,086,727	205,555,067	168,437,070	151,469,585

(i) By type of customer

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Domestic banking institutions	54,977	62,033	54,978	62,033
Domestic non-bank financial institutions				
- Stockbroking companies	238	149,044	238	148,864
- Others	15,385,639	16,228,487	11,915,242	13,102,740
Domestic business enterprise				
- Small and medium enterprise	41,252,345	32,103,764	35,629,367	27,940,298
- Others	54,608,878	51,359,497	36,543,670	35,600,785
Government and statutory bodies	2,714,191	2,470,659	2,582,415	2,403,508
Individuals	111,816,741	97,938,204	75,154,400	68,428,192
Other domestic entities	1,617,801	1,657,466	424,004	281,718
Foreign entities	14,343,495	11,289,286	11,877,659	9,110,735
Gross loans, advances and financing	241,794,305	213,258,440	174,181,973	157,078,873

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A10. Loans, Advances and Financing (cont'd.)

(ii) By geographical distribution

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Malaysia	160,308,322	144,271,765	117,091,518	109,508,669
Singapore	48,235,593	40,588,966	48,235,593	40,588,966
Indonesia	19,950,381	17,102,481	-	-
Labuan offshore	3,260,595	3,268,810	-	-
Hong Kong SAR	4,459,603	3,068,938	4,459,603	3,068,938
United States of America	1,097,478	753,244	1,097,478	753,244
Philippines	1,091,481	969,478	-	-
People's Republic of China	1,051,802	1,017,861	1,051,802	1,017,861
United Kingdom	1,007,995	994,784	1,007,995	994,784
Vietnam	519,907	480,568	519,907	480,568
Brunei	150,285	158,352	150,285	158,352
Cambodia	353,837	270,905	353,837	270,905
Bahrain	213,955	236,586	213,955	236,586
Papua New Guinea	93,071	75,702	-	-
Gross loans, advances and financing	241,794,305	213,258,440	174,181,973	157,078,873

(iii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	11,820,288	12,681,639	8,981,962	9,534,313
- Hire purchase receivables	34,468,647	30,943,085	19,215,117	18,263,418
- Other fixed rate loans/financing	22,801,927	22,327,061	13,462,868	14,004,422
Variable rate				
- Base lending rate plus	87,355,213	75,881,193	73,155,514	65,916,914
- Cost plus	28,498,157	22,753,403	24,468,627	19,510,888
- Other variable rates	56,850,073	48,672,059	34,897,885	29,848,918
Gross loans, advances and financing	241,794,305	213,258,440	174,181,973	157,078,873

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A10. Loans, Advances and Financing (cont'd.)

(iv) Total loans by economic purpose

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Purchase of securities	19,016,902	14,913,407	11,973,572	10,761,268
Purchase of transport vehicles	38,592,794	34,863,190	19,189,248	17,960,857
- less Islamic loans sold to Cagamas	(763,157)	(1,137,321)	-	-
Purchase of landed properties				
- residential	43,665,295	37,684,964	35,604,950	30,447,644
- non-residential	13,102,732	9,163,803	11,989,997	8,231,420
Purchase of fixed assets (exclude landed properties)	2,651,399	2,543,374	2,651,307	2,543,167
Personal use	5,978,070	5,061,634	5,088,828	4,303,538
Credit card	5,436,165	4,974,295	4,573,819	4,233,084
Purchase of consumer durables	69,635	77,583	69,616	76,463
Construction	13,966,842	12,489,787	11,730,252	11,213,226
Merger and acquisition	53,486	45,229	53,486	45,229
Working capital	87,613,016	79,384,139	64,485,372	59,186,942
Others	12,411,126	13,194,356	6,771,526	8,076,035
Gross loans, advances and financing	241,794,305	213,258,440	174,181,973	157,078,873

(v) The maturity structure of the loans, advances and financing are as follows:

Maturing within one year	54,492,457	69,370,810	38,507,908	56,025,479
One year to three years	27,215,557	18,691,972	19,132,255	10,608,438
Three years to five years	33,467,500	18,941,903	21,759,417	9,460,481
After five years	126,618,791	106,253,755	94,782,393	80,984,475
Gross loans, advances and financing	241,794,305	213,258,440	174,181,973	157,078,873

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A10. Loans, Advances and Financing (cont'd.)

(vi) Movement in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
At beginning of the period/year				
- as previously stated	6,186,320	6,715,232	4,639,731	5,036,313
- effect of adopting FRS 139	3,772,543	-	3,189,043	-
At beginning of the period/year, as restated	9,958,863	6,715,232	7,828,774	5,036,313
Impaired during the period/year	4,636,022	4,622,381	2,732,095	2,795,711
Reclassified as non-impaired	(2,098,342)	(2,190,759)	(1,304,756)	(1,525,988)
Recovered during the period/year	(1,759,461)	(1,430,570)	(1,246,712)	(874,761)
Amount written off	(1,843,799)	(1,682,059)	(1,144,025)	(925,144)
Converted to Securities	(52,040)	-	(52,040)	-
Amount transfer from other debts	-	97,095	-	97,095
Exchange differences and expenses debited	27,801	55,000	48,441	36,505
At end of the period/year	8,869,044	6,186,320	6,861,777	4,639,731
Less: Individual allowance	(3,142,388)	-	(2,231,145)	-
- on impaired loans	(3,142,388)	-	(2,231,145)	-
Less: Specific allowance	-	(3,864,832)	-	(2,842,531)
- on non-performing loans	-	(3,619,792)	-	(2,602,091)
- on performing loans	-	(245,040)	-	(240,440)
Net impaired loans, advances and financing	5,726,656	2,321,488	4,630,632	1,797,200
Ratio of net impaired loans: Post FRS 139	2.39%	-	2.69%	-
Pre FRS 139				
- Including specific allowance on non-performing loans	-	1.10%	-	1.17%
- Excluding specific allowance on non-performing loans	-	1.22%	-	1.32%

(vii) Impaired loans, advances and financing by economic purpose

Purchase of securities	84,203	47,268	78,588	39,213
Purchase of transport vehicles	325,867	239,296	155,552	131,263
Purchase of landed properties				
- residential	1,480,548	1,754,048	1,211,603	1,391,121
- non-residential	304,145	331,100	272,490	300,608
Personal use	153,304	168,062	128,930	137,982
Credit card	86,422	68,790	62,571	50,203
Purchase of consumer durables	2,050	1,635	2,047	1,632
Construction	557,226	511,676	471,673	415,140
Working capital	5,495,794	2,824,549	4,220,869	2,057,314
Others	379,485	239,896	257,454	115,255
	8,869,044	6,186,320	6,861,777	4,639,731

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A10. Loans, Advances and Financing (cont'd.)

(viii) Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Malaysia	7,227,696	5,129,136	6,146,118	4,183,641
Singapore	275,602	209,550	275,602	209,550
Indonesia	505,246	483,397	-	-
Labuan Offshore	368,078	79,900	-	-
Hong Kong SAR	84,193	114,136	84,193	114,136
Brunei	4,385	2,056	4,385	2,056
Vietnam	78,616	17,500	78,616	17,500
United Kingdom	142,958	68,511	142,958	68,511
People's Republic of China	30,182	20,290	30,182	20,290
Cambodia	11,175	24,047	11,175	24,047
Papua New Guinea	254	1,909	-	-
Philippines	52,111	35,888	-	-
United States of America	39,780	-	39,780	-
Bahrain	48,768	-	48,768	-
	8,869,044	6,186,320	6,861,777	4,639,731

(ix) Movement in the allowance for impaired loans, advances and financing are as follows:

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
<u>Individual Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	3,981,073	-	2,909,013	-
At 1 July, as restated	3,981,073	-	2,909,013	-
Allowance made during the period/year	875,873	-	320,312	-
Amount written back	(242,783)	-	(172,834)	-
Transfer to impairment losses in value of securities	(52,040)	-	(52,040)	-
Amount written off	(1,318,348)	-	(724,300)	-
Transfer to collective allowance	(36,503)	-	(33,968)	-
Exchange differences	(64,884)	-	(15,038)	-
At end of the period/year	3,142,388	-	2,231,145	-
<u>Collective Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	4,741,229	-	3,665,506	-
At 1 July, as restated	4,741,229	-	3,665,506	-
Allowance made during the period/year	315,619	-	228,033	-
Amount written back	-	-	-	-
Amount written off	(525,451)	-	(419,725)	-
Transfer from individual allowance	36,503	-	33,968	-
Exchange differences	(2,710)	-	5,976	-
At end of the period/year	4,565,190	-	3,513,758	-
As % of gross loans, advances and financing (including Islamic Loans sold to Cagamas) less Individual Allowance	1.91%	-	2.04%	-

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A10. Loans, Advances and Financing (cont'd.)

(ix) Movement in the allowance for impaired loans, advances and financing are as follows (cont'd):

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
<u>Specific Allowance</u>				
At 1 July				
- as previously stated	3,864,832	3,854,026	2,842,531	2,847,031
- effect of adopting FRS 139	(3,864,832)	-	(2,842,531)	-
At 1 July, as restated	-	3,854,026	-	2,847,031
Allowance made during the period/year	-	2,148,300	-	1,307,829
Amount written back in respect of recoveries	-	(516,138)	-	(452,438)
Amount written off	-	(1,682,059)	-	(925,144)
Transfer to general allowance	-	(1,278)	-	-
Amount transfer from other debt	-	97,095	-	97,095
Exchange differences	-	(35,114)	-	(31,842)
At end of the period/year	-	3,864,832	-	2,842,531
<u>General Allowance</u>				
At 1 July				
- as previously stated	3,838,541	3,725,599	2,766,757	2,937,055
- effect of adopting FRS 139	(3,838,541)	-	(2,766,757)	-
At 1 July, as restated	-	3,725,599	-	2,937,055
Allowance made during the period/year	-	477,569	-	-
Amount written back	-	(331,891)	-	(155,815)
Transfer from specific allowance	-	1,278	-	-
Exchange differences	-	(34,014)	-	(14,483)
At end of the period/year	-	3,838,541	-	2,766,757
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	-	1.82%	-	1.79%

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A11. Other Assets

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Interest receivables	1,388,933	1,265,281	1,062,442	962,790
Prepayments and deposits	356,079	390,089	190,242	250,400
Other debtors	2,805,860	3,211,371	985,948	2,494,749
Tax Recoverable	134,856	113,029	-	-
Foreclosed Properties	128,136	131,592	43,217	41,709
Prepaid land lease payment	214,373	208,186	89,516	82,668
	5,028,237	5,319,548	2,371,365	3,832,316

A12. Deposits from Customers

(i) By type of deposit

Fixed deposits and negotiable instruments of deposits				
- One year or less	139,652,674	126,868,356	90,716,168	87,694,148
- More than one year	4,966,569	3,777,611	4,057,447	2,485,808
Money Market deposits	16,494,066	16,175,570	16,494,066	16,175,570
Savings deposits	42,724,045	38,779,000	31,370,060	28,860,081
Demand deposits	54,163,531	48,779,470	41,251,009	38,084,642
Structured deposits *	2,738,097	2,529,781	2,325,023	2,079,492
	260,738,982	236,909,788	186,213,773	175,379,741

* Structured deposits represent foreign currency time deposits with embedded foreign exchange option and commodity-linked time deposits

(ii) By type of customer

Business enterprises	118,762,342	102,732,216	81,451,060	74,625,538
Individuals	119,093,450	111,773,287	95,177,737	91,052,361
Government and statutory bodies	11,260,448	10,566,271	3,654,794	3,770,907
Others	11,622,742	11,838,014	5,930,182	5,930,935
	260,738,982	236,909,788	186,213,773	175,379,741

(iii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

Due within six months	117,581,765	102,449,544	70,990,673	65,061,280
Six months to one year	22,070,909	24,418,812	19,725,495	22,632,868
One year to three years	4,541,984	3,298,907	3,928,182	2,377,628
Three years to five years	331,734	343,318	113,965	91,880
After five years	92,851	135,386	15,300	16,300
	144,619,243	130,645,967	94,773,615	90,179,956

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	Group		Bank	
	31 March	30 June	31 March	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
A13. Deposits and Placement of Banks and Other Financial Institutions				
Licensed banks	23,745,042	13,116,287	24,599,359	14,072,624
Licensed finance companies	252,582	347,957	135,308	214,524
Licensed investment banks	489,196	990,017	489,196	990,017
Other financial institutions	9,476,158	8,803,607	7,627,245	7,652,657
	33,962,978	23,257,868	32,851,108	22,929,822
Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	27,592,900	17,429,944	26,699,219	17,331,142
- More than one year	6,370,078	5,827,924	6,151,889	5,598,680
	33,962,978	23,257,868	32,851,108	22,929,822
A14. Borrowings, Subordinated Obligations and Capital Securities				
(i) Borrowings				
Secured and Unsecured				
- less than one year	998,474	1,461,557	121,052	1,289,192
- more than one year	3,847,550	1,363,307	3,300,950	809,125
	4,846,024	2,824,864	3,422,002	2,098,317
(ii) Subordinated obligations				
Unsecured				
- more than one year	8,006,776	8,069,116	7,006,776	8,069,116
(iii) Capital Securities				
Unsecured				
- more than one year	6,031,678	5,978,752	6,031,678	5,978,752
A15. Other Liabilities				
Interest/Profit payable	1,258,400	994,634	1,011,305	857,311
Provision for outstanding claims	450,747	437,200	-	-
Unearned premium reserves	311,295	317,570	-	-
Profit Equalisation Reserves	69,469	4,228	-	-
Provisions and accruals	2,193,361	2,006,024	1,651,766	1,563,740
Due to brokers and clients	1,396,882	511,829	-	-
Deposits and other creditors	3,651,570	2,680,035	3,573,373	1,134,818
	9,331,724	6,951,520	6,236,444	3,555,869

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A16. Interest Income

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
<u>Group</u>				
Loans, advances and financing	2,353,082	2,130,795	7,045,827	6,393,900
Money at call and deposit placements with financial institutions	100,116	97,541	296,647	302,738
Securities purchased under resale agreements	3,040	1,349	7,670	4,142
Securities held-for-trading	24,023	18,468	65,093	46,909
Securities available-for-sale	388,209	381,103	1,148,944	1,173,902
Securities held-to-maturity	107,797	103,924	324,784	313,881
	2,976,267	2,733,180	8,888,965	8,235,472
Amortisation of premium less accretion of discounts	2,720	(13,616)	(11,650)	(35,100)
Net interest/income clawed back/suspended	-	(8,995)	-	(29,139)
	2,978,987	2,710,569	8,877,315	8,171,233
<u>Bank</u>				
Loans, advances and financing	1,718,451	1,604,457	5,206,567	4,885,011
Money at call and deposit placements with financial institutions	81,235	88,175	263,394	259,832
Securities purchased under resale agreements	-	372	10	439
Securities held-for-trading	19,639	16,401	53,257	42,734
Securities available-for-sale	343,003	336,807	1,013,816	1,020,492
Securities held-to-maturity	91,677	86,723	275,606	252,144
	2,254,005	2,132,935	6,812,650	6,460,652
Amortisation of premium less accretion of discounts	1,597	(14,461)	(15,085)	(38,169)
Net interest/income clawed back/suspended	-	(8,996)	-	(29,139)
	2,255,602	2,109,478	6,797,565	6,393,344

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A17. Interest Expense

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Deposits and placements of banks and other financial institutions	96,974	79,897	252,684	180,231
Deposits from customers	900,952	729,671	2,598,975	2,310,051
Loans sold to Cagamas	-	532	1,121	3,973
Floating rate certificates of deposits	550	375	1,478	631
Borrowings	45,050	41,268	147,552	122,565
Subordinated obligations	32,622	33,152	99,518	104,729
Subordinated bonds	33,441	59,673	119,120	170,996
Capital Securities	97,973	98,004	297,675	299,390
	1,207,562	1,042,572	3,518,123	3,192,566
Bank				
Deposits and placements of banks and other financial institutions	100,737	49,330	247,912	153,161
Deposits from customers	642,901	553,408	1,875,264	1,700,687
Loans sold to Cagamas	-	532	1,121	3,973
Floating rate certificates of deposits	550	375	1,478	631
Borrowings	5,345	4,684	15,757	16,785
Subordinated obligations	32,622	33,152	99,518	104,729
Subordinated bonds	33,441	44,577	119,120	134,961
Capital Securities	97,973	98,004	297,675	299,390
	913,569	784,062	2,657,845	2,414,317

A18. Non-interest Income

<u>Group</u>				
(a) Fee income:				
Commission	185,494	151,096	524,350	465,562
Service charges and fees	264,942	229,915	731,217	717,379
Guarantee fees	27,038	29,400	92,944	99,668
Underwriting fees	12,500	17,436	27,260	30,341
Brokerage income	36,752	23,929	100,294	67,826
Other loans related fee income	99,453	104,014	380,329	349,758
	626,179	555,790	1,856,394	1,730,534
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(21,477)	5,854	658	14,065
Sale of securities available-for-sale	59,328	35,563	313,008	165,622
Redemption of securities held-to-maturity	(22)	(14)	439	2,267
Net gain from sale of subsidiary company	-	(37)	-	631
	37,829	41,366	314,105	182,585
(c) Gross dividend from securities portfolio	6,173	4,577	19,337	18,571
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	20,758	(4,243)	(17,207)	(3,608)
- derivatives	87,358	175,779	325,091	354,095
	108,116	171,536	307,884	350,487
(e) Other income:				
Foreign exchange profit	97,500	128,093	277,384	388,092
Rental income	5,180	5,966	17,398	19,020
(Loss)/Gain on disposal of property and equipment (net)	(559)	11,353	4,260	14,657
Gain on disposal of foreclosed properties	242	234	1,533	1,199
Others	48,184	25,026	119,700	161,379
	150,547	170,672	420,275	584,347
Total non-interest income	928,844	943,941	2,917,995	2,866,524

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A18. Non-interest Income (cont'd.)

<u>Bank</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
(a) Fee income:				
Commission	166,212	132,256	464,904	391,516
Service charges and fees	210,388	179,442	549,216	544,857
Guarantee fees	24,281	25,676	79,597	85,484
Brokerage income	24	5	233	5
Underwriting fees	12,499	12,254	19,010	20,420
Other loans related fee income	24,342	15,848	85,987	105,913
	437,746	365,481	1,198,947	1,148,195
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(5,677)	622	11,412	3,079
Sale of securities available-for-sale	44,090	31,292	258,782	108,473
Gain on liquidation of subsidiaries	-	-	595	-
Redemption of securities held-to-maturity	(22)	(15)	439	1,838
	38,391	31,899	271,228	113,390
(c) Gross dividend income from:				
Securities portfolio	1,878	2,951	9,560	16,182
Subsidiary companies	-	-	186,547	624,831
Associated companies	-	-	5,913	4,290
	1,878	2,951	202,020	645,303
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	15,765	(4,769)	(19,753)	906
- derivatives	82,055	177,630	311,270	348,346
	97,820	172,861	291,517	349,252
(e) Other income:				
Foreign exchange profit	63,586	114,625	194,887	337,923
Rental income	4,934	5,929	16,474	17,860
Gain on disposal of property and equipment (net)	96	10,113	2,962	12,123
Others	14,462	6,951	26,529	46,925
	83,078	137,618	240,852	414,831
Total non-interest income	658,913	710,810	2,204,564	2,670,971

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A19. Overhead Expenses

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	677,905	582,614	1,957,147	1,712,238
- Pension costs	80,618	71,340	236,572	200,841
- Others	104,086	87,930	339,751	262,005
	862,609	741,884	2,533,470	2,175,084
Establishment costs				
- Depreciation	41,647	46,468	121,649	137,443
- Amortisation of intangible assets	37,117	38,852	108,326	116,067
- Rental of leasehold land and premises	42,090	39,970	124,359	118,289
- Repairs and maintenance of property and equipment	27,249	26,156	86,538	80,763
- Information technology expenses	115,442	113,496	348,881	371,621
- Others	3,138	3,519	11,850	19,667
	266,683	268,461	801,603	843,850
Marketing expenses				
- Advertisement and publicity	102,311	119,167	268,974	309,475
- Others	33,003	29,278	77,239	75,961
	135,314	148,445	346,213	385,436
Administration and general expenses				
- Fees and brokerage	105,668	85,600	321,851	301,447
- Administrative expenses	111,265	94,140	323,825	299,087
- General expenses	63,449	100,602	333,842	338,351
- Others	8,968	3,481	29,265	7,649
	289,350	283,823	1,008,783	946,534
	1,553,956	1,442,613	4,690,069	4,350,904

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A19. Overhead Expenses (cont'd.)

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	497,036	427,988	1,416,723	1,279,641
- Pension costs	71,508	65,211	210,438	183,774
- Others	68,356	50,814	218,771	159,964
	636,900	544,013	1,845,932	1,623,379
Establishment costs				
- Depreciation	28,883	32,679	85,497	97,848
- Amortisation of intangible assets	14,190	11,215	38,048	33,525
- Rental of leasehold land and premises	21,946	20,263	64,787	61,536
- Repairs and maintenance of property and equipment	13,872	15,597	46,751	47,389
- Information technology expenses	107,429	105,978	323,422	344,432
- Others	2,050	1,468	7,666	11,693
	188,370	187,200	566,171	596,423
Marketing expenses				
- Advertisement and publicity	75,069	77,970	151,701	195,601
- Others	31,448	24,483	72,696	61,109
	106,517	102,453	224,397	256,710
Administration and general expenses				
- Fees and brokerage	83,802	70,823	258,639	267,384
- Administrative expenses	57,128	53,509	171,135	163,841
- General expenses	(19,343)	38,865	99,247	133,444
- Others	4,747	706	8,931	5,061
	126,334	163,903	537,952	569,730
Overhead expenses allocated to subsidiary company	(120,627)	(94,628)	(343,548)	(268,163)
	937,494	902,941	2,830,904	2,778,079

A20. Allowance for Impairment on Loans, Advances and Financing

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
- collective allowance	58,750	-	315,619	-
- individual allowance made	240,943	-	875,873	-
- individual allowance written back	(73,396)	-	(242,783)	-
- general allowance made	-	21,223	-	60,830
- specific allowance	-	434,470	-	1,590,466
- specific allowance written back	-	(110,214)	-	(401,004)
Impaired loans and financing written off	7,688	3,716	22,818	6,931
Impaired loans and financing recovered	(169,095)	(122,373)	(525,266)	(354,203)
Allowance / (Written back) on other debts	7,311	(764)	8,188	2,503
	72,201	226,058	454,449	905,523
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- collective allowance	64,207	-	228,033	-
- individual allowance made	20,308	-	320,312	-
- individual allowance written back	(56,144)	-	(172,834)	-
- general allowance made / (written back)	-	1,876	-	(7,508)
- specific allowance	-	276,355	-	984,039
- specific allowance written back	-	(98,923)	-	(346,889)
Impaired loans and financing written off	6,732	2,339	18,563	5,409
Impaired loans and financing recovered	(97,654)	(75,977)	(317,415)	(213,253)
Allowance on other debts	1,107	825	775	2,784
	(61,444)	106,495	77,434	424,582

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A21. Segment Information

The Group determines and presents operating segments based on information provided to the board and senior management of the Group.

The Group is organised into three (3) segments based on services and products available within the group as follows:

(a) Community Financial Services ("CFS")

(i) Consumer banking

Consumer banking comprises the full range of products and services offered to individuals in Malaysia, including savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, hire purchases, unit trusts, bancassurance products and credit cards.

(ii) Small, Medium Enterprise ("SME") Banking

Small, Medium Enterprise banking comprises the full range of products and services offered to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(iii) Business Banking

Business banking comprises the full range of products and services offered to commercial enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(b) Global Wholesale Banking ("GWB")

(i) Corporate Banking

Corporate Banking comprises the full range of products and services offered to business customers in the region, ranging from large corporate and the public sector. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(ii) Global Market

Global market comprises the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market.

(iii) Investment banking

Investment banking comprises business of an investment bank, discount house and securities broker. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include direct lending, advisory banking services, bond issuance, equity financing, syndicated acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

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A21. Segment Information (cont'd.)

(c) Insurance, Takaful and Asset Management

Insurance, takaful and asset management comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses, asset and fund management, nominee and trustee services and custodian services

International banking

On the international front, the domestic CFS business is driven in-country whilst the wholesale banking for each country has a reporting line to the Global Wholesale Banking ("GWB"). For purpose of performance, the GWB performance is shown separately, and International banking performance comprises both the wholesale banking and CFS banking outside of Malaysia.

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A21. Segment Information (cont'd.)

By Business Segments (cont'd.)

	<===== Business Segments =====>							Total RM'000
	<===== Domestic GWB =====>					Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
	Community Financial Services RM'000	Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	International Banking RM'000			
Nine Months Ended 31 March 2011								
Net interest income and Islamic banking income								
- external	3,423,700	625,700	525,200	9,722	2,074,715	50,119	(231,113)	6,478,043
- Inter-segment	-	-	-	2,278	(4,115)	12,981	(11,144)	-
	3,423,700	625,700	525,200	12,000	2,070,600	63,100	(242,257)	6,478,043
Net interest income and Islamic banking income	3,423,700	625,700	525,200	12,000	2,070,600	63,100	(242,257)	6,478,043
Net income from insurance business	-	-	-	-	-	211,878	-	211,878
Non-interest income	1,150,600	298,800	659,500	210,200	1,082,200	187,157	(670,462)	2,917,995
Net income	4,574,300	924,500	1,184,700	222,200	3,152,800	462,135	(912,719)	9,607,916
Overhead expenses	(2,339,550)	(129,531)	(104,117)	(123,177)	(1,720,896)	(272,798)	-	(4,690,069)
Allowance for losses on loans, advances and financing	107,604	(99,254)	(71,600)	(2,209)	(381,850)	(7,140)	-	(454,449)
Impairment losses on securities, net	-	-	(583)	(7,235)	1,610	(9,722)	-	(15,930)
Operating Profit	2,342,354	695,715	1,008,400	89,579	1,051,664	172,475	(912,719)	4,447,468
Share of profits in associates	-	-	-	-	94,470	-	-	94,470
Profit before taxation and zakat	2,342,354	695,715	1,008,400	89,579	1,146,134	172,475	(912,719)	4,541,938
Taxation and zakat								(1,175,402)
Profit after taxation and zakat								3,366,536
Minority interest								(70,574)
Profit for the period								3,295,962

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A21. Segment Information (cont'd.)

By Business Segments (cont'd.)

	<===== Business Segments =====>							Total RM'000
	Community Financial Services RM'000	Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
Nine Months Ended 31 March 2010								
Net interest income and Islamic banking income								
- external	3,434,600	497,800	443,600	21,001	1,929,095	67,340	(335,776)	6,057,660
- Inter-segment	-	-	-	3,899	(14,095)	(660)	10,856	-
	<u>3,434,600</u>	<u>497,800</u>	<u>443,600</u>	<u>24,900</u>	<u>1,915,000</u>	<u>66,680</u>	<u>(324,920)</u>	<u>6,057,660</u>
Net interest income and Islamic banking income	3,434,600	497,800	443,600	24,900	1,915,000	66,680	(324,920)	6,057,660
Net income from insurance business	-	-	-	-	-	256,344	-	256,344
Non-interest income	1,090,500	266,400	538,300	155,700	929,500	167,209	(281,085)	2,866,524
Net income	<u>4,525,100</u>	<u>764,200</u>	<u>981,900</u>	<u>180,600</u>	<u>2,844,500</u>	<u>490,233</u>	<u>(606,005)</u>	<u>9,180,528</u>
Overhead expenses	(2,321,443)	(95,300)	(69,883)	(80,109)	(1,553,919)	(230,250)	-	(4,350,904)
Allowance for losses on loans, advances and financing	(579,995)	(153,834)	-	17,700	(188,194)	(1,200)	-	(905,523)
Impairment losses on securities, net	-	-	(25,691)	-	26,100	-	-	409
Operating Profit	<u>1,623,662</u>	<u>515,066</u>	<u>886,326</u>	<u>118,191</u>	<u>1,128,487</u>	<u>258,783</u>	<u>(606,005)</u>	<u>3,924,510</u>
Share of profits in associates	-	-	-	-	86,804	-	-	86,804
Profit before taxation and zakat	<u>1,623,662</u>	<u>515,066</u>	<u>886,326</u>	<u>118,191</u>	<u>1,215,291</u>	<u>258,783</u>	<u>(606,005)</u>	<u>4,011,314</u>
Taxation and zakat								<u>(1,017,897)</u>
Profit after taxation and zakat								<u>2,993,417</u>
Minority interest								<u>(87,724)</u>
Profit for the period								<u>2,905,693</u>

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A22. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 30 June 2010.

A23. Subsequent Events

There were no material events subsequent to the balance sheet date, other than disclosed in Note B8.

A24. Changes in the Composition of the Group

The changes to the composition of the Group during the financial year are further elaborated in Note B8.

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank and its subsidiaries as at the following dates are as follows:

<u>Group</u>	As at 31 March 2011			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Credit-related						
Direct credit substitutes	5,448,796	5,406,597	3,568,469	5,209,922	5,209,922	4,151,936
Certain transaction-related contingent items	9,967,052	4,958,654	3,937,503	11,443,670	5,721,837	5,062,677
Short-term self-liquidating trade-related contingencies	4,396,125	877,264	532,416	3,137,785	627,557	487,491
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	1,137,321	1,137,321	1,137,321
Obligations under underwriting agreements	-	-	-	123,871	46,936	9,387
Lending of bank's securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	483,755	10,629	1,285	-	-	-
Irrevocable commitments to extend credit:						
- maturity within one year	13,355,546	2,675,093	1,368,967	79,635,652	-	-
- maturity exceeding one year	14,166,987	2,829,158	1,648,666	10,950,125	5,475,064	5,296,484
Miscellaneous commitments and contingencies	26,597,593	3,227,779	1,209,495	4,565,804	-	-
Total credit-related commitment and contingencies	74,415,854	19,985,174	12,266,801	116,204,150	18,218,637	16,145,296

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)

Group (cont'd.)

	As at 31 March 2011			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Derivative Financial Instruments</u>						
<u>Foreign exchange related contracts</u>						
- less than one year	85,448,153	2,189,432	577,612	52,397,492	882,747	251,119
- one year to less than five years	11,512,289	504,682	212,074	2,280,351	43,330	15,103
- five years and above	342,625	12,949	-	-	-	-
	97,303,067	2,707,063	789,686	54,677,843	926,077	266,222
<u>Interest rate related contracts</u>						
- less than one year	42,726,171	1,167,293	257,229	41,784,791	1,815,893	440,726
- one year to less than five years	16,939,738	400,010	164,988	15,615,090	459,891	143,487
- five years and above	3,801,575	188,471	73,045	2,657,835	433,752	158,705
	63,467,484	1,755,774	495,262	60,057,716	2,709,536	742,918
<u>Equity and commodity related contracts</u>						
- less than one year	796,740	-	-	1,333,626	-	-
- one year to less than five years	99,987	-	-	-	-	-
	896,727	-	-	1,333,626	-	-
Total treasury-related commitments and contingencies	161,667,278	4,462,837	1,284,948	116,069,185	3,635,613	1,009,140
	236,083,132	24,448,011	13,551,749	232,273,335	21,854,250	17,154,436

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)

	As at 31 March 2011			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Bank</u>						
Direct credit substitutes	5,202,893	5,168,100	3,408,358	3,659,767	3,659,767	3,269,184
Certain transaction-related contingent items	9,353,384	4,661,009	3,679,098	10,618,480	5,309,241	4,683,204
Short-term self-liquidating trade-related contingencies	4,267,772	852,424	520,813	2,961,992	592,399	461,530
Obligations under underwriting agreements	-	-	-	93,871	46,936	9,387
Lending of bank's securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	483,755	10,629	1,285	-	-	-
Irrevocable commitments to extend credit:						
- maturity within one year	12,601,820	2,520,364	1,324,450	70,392,423	-	-
- maturity exceeding one year	12,660,921	2,531,921	1,475,109	9,663,589	4,831,795	4,684,632
Miscellaneous commitments and contingencies	24,521,454	3,158,341	1,180,715	4,545,123	-	-
Total credit-related commitment and contingencies	69,091,999	18,902,788	11,589,828	101,935,245	14,440,138	13,107,937

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)

	As at 31 March 2011			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Bank (cont'd.)</u>						
<u>Derivative Financial Instruments</u>						
<u>Foreign exchange related contracts</u>						
- less than one year	80,955,068	2,167,358	572,435	49,578,656	860,175	246,408
- one year to less than five years	11,124,802	504,682	212,074	2,280,351	43,330	15,103
- five years and above	342,625	12,949	-	-	-	-
	92,422,495	2,684,989	784,509	51,859,007	903,505	261,511
<u>Interest rate related contracts</u>						
- less than one year	42,289,926	1,159,703	255,626	41,625,767	1,815,310	440,580
- one year to less than five years	15,896,459	376,414	157,972	14,047,226	419,989	133,449
- five years and above	3,677,560	180,153	68,886	2,415,491	418,729	151,194
	61,863,945	1,716,270	482,484	58,088,484	2,654,028	725,223
<u>Equity and commodity related contracts</u>						
- less than one year	796,740	-	-	1,333,626	-	-
- one year to less than five years	99,987	-	-	-	-	-
	896,727	-	-	1,333,626	-	-
Total treasury-related commitments and contingencies	155,183,167	4,401,259	1,266,993	111,281,117	3,557,533	986,734
	224,275,166	23,304,047	12,856,821	213,216,362	17,997,671	14,094,671

* The credit equivalent amount and the risk-weighted amount are arrived at using the credit conversion factors and risk weights respectively, as specified by Bank Negara Malaysia. The risk-weighted amount as at 31 March 2011 is based on Basel II Risk Weighted Capital Adequacy Framework while the risk-weighted amount as at 30 June 2010 is based on Basel I Risk Weighted Capital Adequacy Framework.

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 March 2011, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM2,217.8 million and RM2,041.4 million respectively (30 June 2010: RM156.7 and 115.0 million for the Group and the Bank).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 March 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM538.2 million (30 June 2010: RM509.2 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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A26. Capital Adequacy

a) Compliance and Application of Capital Adequacy Ratios

On 29 June 2010, the Bank and its subsidiary, Maybank Islamic Berhad ("MIB") have received approval from BNM to migrate to Internal-Rating Based Approach for credit risk under Basel II Risk Weighted Capital Adequacy Framework from 1 July 2010 onwards.

With effect from 1 July 2010, the capital adequacy ratios are computed as follows:

- (a) Group, Bank and Maybank Islamic Berhad ("MIB")'s ratios are computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II "RWCAF" issued on 1 April 2010) as follows:
- (i) Credit risk under Internal-Ratings Based Approach
 - (ii) Market risk under Standardised Approach
 - (iii) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratios.

- (b) Maybank Investment Bank Berhad ("Maybank IB") on a standalone basis is computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II "RWCAF" issued on 1 April 2010) under Standardised Approach for credit and market, whereas operational risk is under the Basic Indicator Approach. The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratios.
- (c) PT Bank Internasional Indonesia Tbk on a standalone basis is computed in accordance with local requirements, which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratios. However, for disclosure at Maybank Group level, the computation was based on the capital adequacy rules of the overseas jurisdiction (parent company) namely Maybank Group, using Basel II RWCAF rules, as Bank Internasional Indonesia Tbk is considered a significant overseas subsidiary.

The comparative capital adequacy ratios for 30 June 2010 were in compliance with Basel I Risk-Weighted Capital Adequacy Framework and have not been restated in accordance with Para 7.2(1) of the Basel II RWCA Framework, which does not require disclosures in respect of previous period upon first time adoption.

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A26. Capital Adequacy (cont'd.)

b) The capital adequacy ratios of the Group and the Bank as at the following dates:

In determining the capital adequacy ratio, the proposed gross dividend consists of an electable portion of 24 sen (18 sen net per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note B8(b).

Thereof, there will be a range of extreme possibilities that the full electable portion is reinvested in new ordinary shares or the full electable portion is not reinvested but paid in cash.

Based on the above, the range of capital adequacy ratios of the Group and the Bank after deducting the proposed dividend are as follows:

	Group		Bank	
	31 March	30 June	31 March	30 June
	2011	2010	2011	2010
<u>Basel II</u>				
Before deducting electable portion dividend to be reinvested:				
Core capital ratio	11.64%	-	13.26%	-
Risk-weighted capital ratio	14.17%	-	13.26%	-
After deducting electable portion dividend to be reinvested:				
Core capital ratio, assuming:				
- full electable portion paid in cash	11.09%	-	12.56%	-
- full electable portion reinvested	11.64%	-	13.26%	-
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	13.62%	-	12.56%	-
- full electable portion reinvested	14.17%	-	13.26%	-
<u>Basel I</u>				
Before deducting proposed dividend:				
Core capital ratio	-	11.06%	-	15.02%
Risk-weighted capital ratio	-	14.67%	-	15.02%
After deducting proposed dividend:				
Core capital ratio, assuming:				
- full electable portion paid in cash	-	10.10%	-	13.78%
- full electable portion reinvested	-	10.97%	-	14.91%
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	-	13.71%	-	13.78%
- full electable portion reinvested	-	14.58%	-	14.91%

As highlighted in Note A8(b) on 5 May 2011, based on valid Dividend Reinvestment Forms ("DRF") received from shareholders, a reinvestment rate of 91.13% was achieved.

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A26. Capital Adequacy (cont'd.)

	Group		Bank	
	31 March 2011 RM '000	30 June 2010 RM '000	31 March 2011 RM '000	30 June 2010 RM '000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	7,322,240	7,077,983	7,322,240	7,077,983
Share premium	7,539,398	5,903,497	7,539,398	5,903,497
Other reserves	13,003,153	13,813,992	11,354,022	12,506,193
Capital Securities	<u>6,031,678</u>	<u>5,978,752</u>	<u>6,031,678</u>	<u>5,978,752</u>
	33,896,469	32,774,224	32,247,338	31,466,425
Less: Deferred tax assets ¹	<u>(1,867,706)</u>	<u>(1,564,963)</u>	<u>(1,376,401)</u>	<u>(1,148,176)</u>
Less: Goodwill ¹	<u>(4,154,485)</u>	<u>(4,154,486)</u>	<u>(81,015)</u>	<u>(81,015)</u>
Total Tier I capital	<u>27,874,278</u>	<u>27,054,775</u>	<u>30,789,922</u>	<u>30,237,234</u>
<u>Tier II capital</u>				
Subordinated obligations	8,006,776	8,069,116	7,006,776	8,069,116
Collective allowance for bad and doubtful debts	752,435	3,838,541	330,786	3,015,865
Surplus of total EP over total EL ³	<u>103,373</u>	<u>-</u>	<u>78,896</u>	<u>-</u>
Total Tier II capital	<u>8,862,584</u>	<u>11,907,657</u>	<u>7,416,458</u>	<u>11,084,981</u>
Total capital	36,736,862	38,962,432	38,206,380	41,322,215
Less: Investment in subsidiary companies and associates ²	<u>(2,812,385)</u>	<u>(3,065,249)</u>	<u>(13,087,434)</u>	<u>(13,009,007)</u>
Less: Other deductions	<u>(2,389)</u>	<u>(18,060)</u>	<u>(2,265)</u>	<u>(18,051)</u>
Capital base	<u>33,922,088</u>	<u>35,879,123</u>	<u>25,116,681</u>	<u>28,295,157</u>

¹ Under Bank Negara Malaysia Guidelines, deferred tax and goodwill are required to be excluded from Tier I capital.

² Excludes the cost of investment in subsidiary companies and associates, except for Myfin Berhad of RM18,993,759, as its business, assets and liabilities have been transferred to the Bank. For the Group, the cost of investments in insurance companies and associates are deducted from capital base.

³ EP is defined as eligible provision and EL is defined as expected loss.

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A26. Capital Adequacy (cont'd.)

⁴ The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance entities and associates. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary company, Maybank International (L) Ltd., excluding the cost of investment in subsidiary companies and associates (except for Myfin Behad amounting to RM18,993,759 as its business assets and liabilities have been transferred to the Bank).

c) The capital adequacy ratios of the banking subsidiary companies of Group are as follows:

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
31 March 2011			
<u>Before and after deducting interim dividends</u>			
Core capital ratio	10.26%	32.23%	-
Risk-weighted capital ratio	<u>13.44%</u>	<u>32.23%</u>	<u>11.68%</u>
30 June 2010			
<u>Before and after deducting interim dividends</u>			
Core capital ratio	9.14%	35.60%	-
Risk-weighted capital ratio	<u>10.66%</u>	<u>37.37%</u>	<u>14.87%</u>

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A26. Capital Adequacy (cont'd.)

d) The breakdown of Assets and Credit Equivalent values (for Off Balance Sheet items) according to Risk Weighted as follows:

At 31 March 2011 - Basel II

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	56,161,430	35,571,712	3,254,142	941,774	20,183,096
IRB Approach exposure after scaling factor	133,876,743	116,242,989	21,323,593	-	-
Total risk-weighted assets for credit risk	190,038,173	151,814,701	24,577,735	941,774	20,183,096
Total risk-weighted assets for market risk	25,393,022	19,715,510	858,766	92,541	273,150
Total risk-weighted assets for operational risk	23,945,675	17,950,046	2,212,504	461,278	3,179,321
Additional RWA due to capital floor	-	-	6,207,948	-	-
Total risk-weighted assets	239,376,870	189,480,257	33,856,953	1,495,593	23,635,567

At 30 June 2010 - Basel I

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
0%	-	-	-	-	-
10%	35,853	2,668	28,000	-	-
20%	6,812,838	7,104,318	375,211	88,944	-
50%	18,129,592	14,603,632	2,640,748	1,446	-
75%	-	-	-	22,658	-
100%	192,475,276	143,201,723	31,473,796	311,157	-
150%	-	-	-	90,718	-
Total risk-weighted assets for credit risk	217,453,559	164,912,341	34,517,755	514,923	17,053,004
Total risk-weighted assets for market risk	27,081,304	23,431,606	483,259	112,717	173,353
Total risk-weighted assets for operational risk	-	-	-	-	965,181
Total risk-weighted assets for credit and market risks	244,534,863	188,343,947	35,001,014	627,640	18,191,538

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A27. Derivative Financial Instruments

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 31 March 2011</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Amount* RM'000
Trading derivatives						
<u>Foreign exchange related contracts:</u>						
Currency forward	27,463,027	165,294	(193,869)	22,667,135	136,042	(166,968)
- Less than one year	26,562,437	133,348	(174,332)	21,766,545	104,095	(147,431)
- One year to three years	593,868	12,513	(19,342)	593,868	12,513	(19,342)
- More than three years	306,722	19,433	(195)	306,722	19,434	(195)
Currency swaps	42,813,149	386,754	(290,084)	42,728,469	386,754	(290,037)
- Less than one year	41,940,410	367,371	(264,772)	41,855,730	367,371	(264,725)
- One year to three years	566,017	19,175	(7,124)	566,017	19,175	(7,124)
- More than three years	306,722	208	(18,188)	306,722	208	(18,188)
Currency spots	9,435,017	1,014,663	(1,017,623)	9,435,017	1,014,663	(1,017,623)
- Less than one year	9,435,017	1,014,663	(1,017,623)	9,435,017	1,014,663	(1,017,623)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Currency options	6,356,999	20,137	(21,794)	6,356,999	20,137	(21,794)
- Less than one year	6,341,867	20,137	(21,761)	6,341,867	20,137	(21,761)
- One year to three years	15,132	-	(33)	15,132	-	(33)
- More than three years	-	-	-	-	-	-
Cross currency interest rate swaps	8,171,658	341,348	(217,324)	8,171,658	341,348	(217,324)
- Less than one year	431,108	16,405	(23,247)	431,108	16,405	(23,247)
- One year to three years	2,771,245	161,811	(31,844)	2,771,245	161,811	(31,844)
- More than three years	4,969,305	163,132	(162,233)	4,969,305	163,132	(162,233)
<u>Interest rate derivatives</u>						
Interest rate swaps	49,929,429	422,394	(461,314)	49,329,429	419,202	(461,314)
- Less than one year	11,582,783	83,929	(77,229)	10,982,783	80,737	(77,229)
- One year to three years	20,684,824	175,414	(178,945)	20,684,824	175,414	(178,945)
- More than three years	17,661,822	163,051	(205,140)	17,661,822	163,051	(205,140)
Interest rate futures	5,240,326	-	-	5,240,326	-	-
- Less than one year	5,240,326	-	-	5,240,326	-	-
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Interest rate options	4,778,026	19,430	(142,685)	4,288,876	18,835	(117,332)
- Less than one year	3,087,255	6,143	(26,062)	2,598,105	5,548	(709)
- One year to three years	820,660	11,807	-	820,660	11,807	-
- More than three years	870,111	1,480	(116,623)	870,111	1,480	(116,623)

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A27. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 31 March 2011</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000
<u>Equity related derivatives</u>						
Equity options	896,726	8,601	(8,601)	896,727	8,601	(8,601)
- Less than one year	796,740	1,593	(1,593)	796,740	1,593	(1,593)
- One year to three years	44,516	1,811	(1,811)	44,517	1,811	(1,811)
- More than three years	55,470	5,197	(5,197)	55,470	5,197	(5,197)
Commodity options	499,786	8,235	(8,235)	499,786	8,235	(8,235)
- Less than one year	440,851	2,607	(2,607)	440,851	2,607	(2,607)
- One year to three years	58,935	5,628	(5,628)	58,935	5,628	(5,628)
- More than three years	-	-	-	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	2,788,438	71	(180,723)	2,505,530	71	(180,521)
- Less than one year	439,287	71	(6,856)	410,419	71	(6,654)
- One year to three years	747,334	-	(98,290)	708,018	-	(98,290)
- More than three years	1,601,817	-	(75,577)	1,387,093	-	(75,577)
Cross currency interest rate swaps	3,294,697	354,152	(20,526)	3,063,215	354,152	(3,926)
- Less than one year	104,378	-	(3,988)	-	-	-
- One year to three years	3,093,477	354,152	(5,604)	3,063,215	354,152	(3,926)
- More than three years	96,842	-	(10,934)	-	-	-
Total derivative assets / (liabilities)	161,667,278	2,741,079	(2,562,778)	155,183,167	2,708,040	(2,493,675)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 30 June 2010</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange related contracts:</u>						
Currency forward	41,805,095	108,229	(201,492)	26,480,036	97,537	(190,803)
Currency swaps	10,549,470	343,019	(134,592)	18,659,934	343,019	(134,592)
Currency spots	932,180	955	(927)	932,181	955	(927)
Currency options	1,282,234	3,161	(2,507)	1,282,235	3,161	(2,507)
Cross currency interest rate swaps	4,504,621	135,038	(90,031)	4,504,621	135,038	(90,031)
<u>Interest rate derivatives</u>						
Interest rate swaps	45,080,147	526,539	(554,438)	49,475,908	526,539	(554,438)
Interest rate futures	1,100,000	-	(8,113)	1,100,000	-	(8,113)
Interest rate options	686,086	14,601	(46,214)	233,836	852	(30,823)
<u>Equity related derivatives</u>						
Equity options	752,306	230	(229)	752,303	229	(228)
Commodity options	581,323	1,709	(1,710)	581,323	1,709	(1,710)
<u>Hedging derivatives</u>						
Interest rate swaps	4,738,383	645	(303,071)	3,221,400	-	(274,408)
Cross currency interest rate swaps	4,057,340	172,643	(2,918)	4,057,340	172,643	(2,918)
Total derivative assets / (liabilities)	116,069,185	1,306,769	(1,346,242)	111,281,117	1,281,682	(1,291,498)

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A28. The Operations of Islamic Banking Scheme

A28a. Unaudited Statements of Financial Position as at 31 March 2011

<u>Group</u>	Note	31 March 2011 RM'000	30 June 2010 RM'000
ASSETS			
Cash and short-term funds		8,377,712	5,818,068
Deposits and placements with banks and other financial institutions		70,105	707
Securities portfolio		6,713,306	4,700,919
Financing and advances	A28d	42,229,404	33,516,386
Deferred tax assets		164,507	79,712
Derivative assets		9,423	17,513
Other assets		1,933,686	222,559
Statutory deposit with Bank Negara Malaysia		147,000	153,000
Intangible Assets		960	-
Total Assets		59,646,103	44,508,864
LIABILITIES			
Deposits from customers	A28e	46,938,353	34,693,613
Deposit and placements of banks and other financial institutions		6,880,446	5,051,346
Bills and acceptances payable		188,451	28,175
Derivatives liabilities		30,931	20,775
Other liabilities		277,143	1,235,875
Provision for taxation and zakat		146,618	31,607
Subordinated Sukuk		1,000,000	-
Total Liabilities		55,461,942	41,061,391
ISLAMIC BANKING FUNDS			
Islamic Banking Funds		479,714	207,410
Reserves		3,704,447	3,240,063
		4,184,161	3,447,473
Total Liabilities and Islamic Banking Funds		59,646,103	44,508,864
COMMITMENTS AND CONTINGENCIES			
		7,338,555	13,627,916

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A28. The Operations of Islamic Banking Scheme (cont'd.)

A28b. Unaudited Income Statements for the Third Quarter Ended 31 March 2011

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Group				
Income derived from investment of depositors' funds	630,856	458,656	1,774,055	1,333,760
Expenses directly attributable to depositors and Islamic Banking Funds	(6,157)	(2,481)	(22,655)	(6,981)
Transfer (to) / from profit equalisation reserve	(16,483)	9,447	(65,533)	38,344
Gross attributable income	608,216	465,622	1,685,867	1,365,123
Allowance for losses on financing and advances	(23,760)	(59,064)	(35,415)	(279,344)
Total attributable income	584,456	406,558	1,650,452	1,085,779
Income attributable to the depositors	(266,055)	(176,494)	(745,586)	(478,542)
Income attributable to the Group	318,401	230,064	904,866	607,237
Income derived from investment of Islamic Banking Funds				
Gross investment income	29,551	22,358	131,043	87,826
Finance cost	(116)	-	(116)	-
Net income from investment of Islamic Banking Funds	29,435	22,358	130,927	87,826
Overhead expenses	347,836	252,422	1,035,793	695,063
Profit before taxation and zakat	201,923	145,436	631,869	384,997
Taxation	(49,665)	(33,551)	(154,757)	(83,314)
Zakat	(4,977)	(1,672)	(9,175)	(5,605)
Profit for the period	147,281	110,213	467,937	296,078

For consolidation and amalgamation with the conventional operations, net income from Islamic Banking Scheme comprises the following items:

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011	31 March 2010
Group				
Gross attributable income	608,216	465,622	1,685,867	1,365,123
Net income from investment of Islamic Banking Funds	29,435	22,358	130,927	87,826
Total income before allowances for losses on financing and advances and overhead expenses	637,651	487,980	1,816,794	1,452,949
Income attributable to the depositors	(266,055)	(176,494)	(745,586)	(478,542)
	371,596	311,486	1,071,208	974,407
Net of Intercompany income & expenses	16,176	30,002	47,643	104,586
Income from Islamic Banking Scheme	387,772	341,488	1,118,851	1,078,993

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A28. The Operations of Islamic Banking Scheme (cont'd.)

A28c. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 31 March 2011

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit for the period	147,281	110,213	467,937	296,078
Other comprehensive (loss)/income:				
Currency translation differences in respect of foreign operations	18	82	(114)	(87)
Net (loss)/gain on revaluation of financial investments available-for-sale	(9,162)	3,357	(5,369)	6,597
Income tax relating to components of other comprehensive income	3,276	(1,269)	3,739	(2,445)
Other comprehensive (loss)/income: for the period, net of tax	(5,868)	2,170	(1,744)	4,065
Total comprehensive (loss)/income for the period	141,413	112,383	466,193	300,143

A28d. Financing and Advances

	Group	
	31 March 2011 RM'000	30 June 2010 RM'000
Cashline	2,059,868	2,092,616
Term financing		
- Housing financing	5,937,964	5,465,917
- Syndicated financing	189,065	177,389
- Hire purchase receivables	17,719,659	15,028,210
- Other financing	33,143,277	23,512,351
Bills receivable	2,850	5,004
Trust receipts	183,284	126,423
Claims on customers under acceptance credits	3,400,018	2,881,944
Staff financing	712,820	455,891
Credit card receivables	282,259	193,113
Revolving credits	2,244,400	1,540,800
	65,875,464	51,479,658
Unearned income	(22,595,457)	(16,796,539)
Gross financing and advances	43,280,007	34,683,119
Allowance for bad and doubtful financing:		
- individual allowance	(392,696)	-
- collective allowance	(657,907)	-
- specific	-	(633,025)
- general	-	(533,708)
Net financing and advances	42,229,404	33,516,386

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A28. The Operations of Islamic Banking Scheme (cont'd.)

A28d. (i) Movements in impaired financing and advances are as follows: (cont'd.)

	Group	
	31 March 2011 RM'000	30 June 2010 RM'000
Balance at beginning of the period/year		
- as previously stated	931,493	1,045,712
- effect of adopting FRS 139	224,146	-
Balance at beginning of the period/year, as restated	<u>1,155,639</u>	<u>1,045,712</u>
Impaired during the period/year	622,739	639,433
Recovered/regularized during the period/year	(512,389)	(547,871)
Amount written off	(219,958)	(220,279)
Expenses debited to customers' accounts	20,546	14,498
Balance at end of the period/year	<u>1,066,577</u>	<u>931,493</u>
Individual allowance	(392,696)	-
Specific allowance	-	(633,025)
- on non-performing financing	-	(628,424)
- on performing financing	-	(4,601)
Net impaired financing	<u>673,881</u>	<u>298,468</u>
Ratio of net impaired loans:		
Post FRS 139	<u>1.57%</u>	-
Pre FRS 139		
- Including specific allowance on non-performing loans	-	0.88%
- Excluding specific allowance on non-performing loans	-	0.89%

(ii) Movements in the allowance for impairment on financing accounts are as follows:

	Group	
	31 March 2011 RM'000	30 June 2010 RM'000
<u>Individual impairment allowance</u>		
At beginning of the period/year		
- as previously stated	-	-
- effect of adopting FRS 139	473,823	-
At beginning of the period/year, as restated	<u>473,823</u>	<u>-</u>
Allowance made during the period/year	56,861	-
Amount written back	(22,227)	-
Amount written off	(114,233)	-
Amount transfer from IA to CA	(1,528)	-
At end of the period/year	<u>392,696</u>	<u>-</u>
<u>Collective impairment allowance</u>		
At beginning of the period/year		
- as previously stated	-	-
- effect of adopting FRS 139	713,938	-
At beginning of the period/year, as restated	<u>713,938</u>	<u>-</u>
Transfer from PT Nusa Indocorp (Conventional Banking)	3,925	-
Allowance made during the period/year	44,219	-
Amount written off	(105,726)	-
Amount transfer from IA to CA	1,528	-
Exchange difference	23	-
At end of the period/year	<u>657,907</u>	<u>-</u>
As a percentage of gross financing and advances less individual allowance	<u>1.53%</u>	-

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A28. The Operations of Islamic Banking Scheme (con'td)

A28d. (ii) Movements in the allowance for impairment on financing accounts are as follows:

	Group	
	31 March 2011 RM'000	30 June 2010 RM'000
<u>Specific allowance</u>		
At 1 July		
- as previously stated	633,025	561,520
- effect of adopting FRS 139	(633,025)	-
At 1 July, as restated	-	561,520
Allowance made during the period/year	-	351,462
Amount written back in respect of recoveries	-	(59,678)
Amount written off	-	(220,279)
At end of the period/year	-	633,025
<u>General allowance</u>		
At 1 July		
- as previously stated	533,708	436,446
- effect of adopting FRS 139	(533,708)	-
At 1 July, as restated	-	436,446
Allowance made during the period/year	-	230,930
Amount written back	-	(133,668)
At end of the period/year	-	533,708
As a percentage of gross financing and advances less specific allowance	-	1.57%

A28e. Deposits from Customers

(i) By type of deposit

	Group	
	31 March 2011 RM'000	30 June 2010 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	3,475,751	2,870,838
Savings deposits	352,755	258,018
General investment deposits	18,050,609	13,895,924
Negotiable instruments of deposits	296,507	656,815
	22,175,622	17,681,595
<u>Non-Mudharabah Fund</u>		
Demand deposits	5,637,597	4,447,704
Savings deposits	5,874,504	5,029,645
Fixed return investment deposits	12,787,556	7,084,380
Structured deposits	463,074	450,289
	24,762,731	17,012,018
Total deposit from customers	46,938,353	34,693,613

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A29. Changes in Accounting Policies

(a) Change in Accounting Policies

As disclosed in Note A1, the adoption of new FRSs, amendments to FRSs, IC Interpretations and TR during the financial period have resulted in the following changes in accounting policies:

- (i) FRS 139 Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- (iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- (iv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. Some of these principles and accounting policies have been adopted by the Group and the Bank since the application of BNM's revised BNM/GP8 - Guidelines of Financial Reporting for Licensed Institutions ("BNM GP8 Guidelines") on 1 July 2005 due to the similarities between BNM GP8 Guidelines and FRS 139.

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets and liabilities at the beginning of the current financial period being adjusted to opening retained profits and/ or unrealised holding reserves/ (deficit) as appropriate. Details of the adjustments are disclosed in Note 29(b).

Upon the full adoption of FRS 139 on 1 July 2010, the Group has implemented additional requirements as follows:

1) Impairment of loans, advances and financing

The Group and the Bank assess at the end of each reporting period whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be reliably estimated.

The Group and the Bank assess if objective evidences of impairment exist for loans, advances and financing which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for portfolio impairment assessment. These loans are grouped within similar credit and characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups) are taken into consideration.

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A29. Changes in Accounting Policies (cont'd.)

2) Classification of loans, advances and financing as impaired

Prior to the adoption of FRS 139, loans were classified as non-performing when principal or interest/profit or both are past due for three (3) months or more. Upon the adoption of FRS 139, loans are classified as impaired when principal or interest/profit or both are past due for three (3) months or more or where loans in arrears for less than three (3) months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for.

3) Interest and Profit Income Recognition

For all financial instruments measured at amortised cost, interest bearing and other financial assets classified as financial investments available-for-sale and financial instruments designated at fair value through profit or loss, interest or profit income or expense is recorded using the effective interest rate ("EIR") or effective profit rate ("EPR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR or the EPR, but not future credit losses.

4) Recognition of Embedded Derivatives

Upon the adoption of FRS 139 and IC Interpretation 9, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured. The assessment is made when the entity first becomes a party for the contract.

(b) **Adjustments due to Change in Accounting Policies**

	Group RM '000	Bank RM '000
Effects on retained profits:		
At 1 July , as previously stated	9,925,888	6,646,053
Effects of adoption FRS 139	(172,088)	(150,753)
Effects of adoption FRS 4	1,800	-
At 1 July 2010, as restated	<u>9,755,600</u>	<u>6,495,300</u>
Effects on other reserves:		
At 1 July , as previously stated	340,936	269,016
Effects of adoption FRS 139	(47,921)	(40,368)
At 1 July 2010, as restated	<u>293,015</u>	<u>228,648</u>
Effects on minority interests:		
At 1 July , as previously stated	787,764	-
Effects of adoption FRS 139	(5,786)	-
Effects of adoption FRS 4	807	-
At 1 July 2010, as restated	<u>782,785</u>	<u>-</u>

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A30. Restatement of comparatives

As disclosed in Note A1, the adoption of specific FRSs resulted in restatements of comparative figures as follows:

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 31 March 2010 have been re-presented as two separate statements, ie. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the balance sheets as at 30 June 2010 and the income statement for the financial period ended 31 March 2010 have been restated to conform with the current period's presentation. Since these changes only affect the presentation of disclosure items, there is no impact on the financial position as at 30 June 2010 or the financial results of the Group and the Bank for the comparative period.

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Part B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

Overall, the growth in loans and debt securities at 17.2% annualised is on track against plan, across all business sectors, except the SME segment in Malaysia. However, the Group's net interest income from the nine months ended 31 March 2011, was fairly moderate having increased by RM380.5 million or 7.6%. This is largely due to the narrowing in net interest margin as a result of competition for assets and deposits in all key markets, as well as the implementation of Financial Reporting Standards 139.

Income from Islamic Banking operations for the nine-month period ended 31 March 2011 continued to grow, increasing by RM39.9 million or 3.7%. The Islamic Banking financing and advances constitute 27.8% of total domestic financing and advances in Malaysia as at 31 March 2011, compared with 24.3% as at 30 June 2010.

Net income from insurance business for the nine-month period ended 31 March 2011 decreased by RM44.5 million or 17.4% to RM 211.9 million due to lower premium income and higher claims incurred for conventional business.

Non interest income recorded a slight increase of RM51.5 million or 1.8% to RM2,918.0 million. Commission, service charges and fees increased by RM72.5 million due to better contribution from trade, cards and remittances. Brokerage income increased due to better market trading activity. The Group also benefitted from higher net gain on sale of securities, which were higher by RM131.5 million. Lower foreign exchange profits, and net unrealized gain on revaluation of securities held-for-trading and derivatives mitigated the increase in non interest income.

Overhead expenses increased by RM339.2 million or 7.8% to RM4,690.1 million over the amount in the corresponding period. Personnel cost increased by RM358.4 million or 16.5% to RM2,533.5 million. Administration and general expenses increased by RM62.2 million or 6.6% to RM1,008.8 million mainly due to endowment to Maybank Foundation of RM50.0 million which was launched in conjunction with Maybank's 50th anniversary to encompass the Group's Corporate Responsibility activities, and transaction costs relating to acquisition of Kim Eng Holdings. Establishment costs decreased by RM42.2 million or 5.0% to RM801.6 million, while marketing costs decreased by RM39.2 million or 10.2% to RM346.2 million respectively. The decrease in establishment costs and marketing expenses were mainly due to the Group's cost-optimisation exercises.

Allowance for losses on loans, advances and financing decreased significantly by RM451.1 million or 49.8% to RM454.4 million. The decrease is mainly due to higher recoveries and lower allowances in the domestic banking operations as a result of lower individual allowance and improvement in the collective allowance. Asset quality continues to improve with net impaired loans ratio improving to 2.39% as at 31 March 2011, compared to 2.74% as at 31 December 2010.

With the above factors as the drivers of Maybank Group's results, profit after tax and after minority interest ("PATAMI") improved by 13.4% to RM3.296 billion for the nine-month period ended 31 March 2011.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group posted profit attributable to equity holders amounting to RM1,142.6 million for the 3rd quarter ended 31 March 2011, an increase of RM17.4 million or 1.5% compared to the preceding quarter.

The Group's net interest income for the 3rd quarter ended 31 March 2011 decreased by RM41.8 million or 2.3% to RM1,771.4 million against the preceding quarter due to seasonal factor and narrowing net interest margin across all markets. Income from Islamic Banking Scheme operations recorded a slight decrease of RM5.1 million or 1.3% to RM387.8 million over the amount in the preceding quarter, mainly due to higher profit equalisation reserves to cater for redistribution of profit sharing with depositors.

Net income from insurance business for the quarter increased by RM43.1 million or 104.9% to RM84.1 million due to higher premium income and lower claims incurred.

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B2. Variation of Current Quarter Results Against Preceding Quarter

Non-interest income for the quarter decreased by RM106.1 million or 10.3% to RM928.8 million compared to that in preceding quarter. The decrease is mainly attributable to lower gain on sale of securities and foreign exchange profits.

Overhead expenses for the quarter decreased by RM80.1 million or 4.9% over that of the preceding quarter mainly due to lower administration and general expenses.

Compared to the preceding quarter, allowance for losses on loans, advances and financing was lower by RM45.3 million mainly due to higher recoveries in the domestic banking operations. Impairment losses on securities decreased by RM10.6 million due to higher writeback in 3rd quarter.

B3. Prospects

Maybank expects Malaysia's real GDP to grow by 5.5% in 2011 supported by the improving consumer and business sentiment, and the roll out of major infrastructure projects and entry-point projects (EPPs) under the Economic Transformation Programme (ETP). Against this backdrop, the prospects for the banking sector remain positive. However, rising household debt and inflationary pressure poses a new challenge to the banking sector necessitating Bank Negara Malaysia (BNM) to introduce tightening measures to curb consumer loans growth. BNM has increased the OPR by 25 basis points on 5 May 2011, and is expected to resume the hike in the second half of the calendar year.

For FY2011, in line with the new vision and strategic objectives for the Group, Maybank will continue to focus on its three key home markets namely Malaysia, Singapore and Indonesia. The new organization structure put in place since July 2010 has improved performance at the region for both Community Financial Services (CFS) and Global Wholesale Banking (GWB).

On an annualised basis, with the growth in Group loans at 16.4%, GWB showed significant progress with 17.7% loans growth compared to 4.8% in the previous quarter while consumer banking booked a healthy growth in loans of 15.5% compared to 12.3% in the previous quarter. SME recorded modest growth, due to our conscious effort to address the fundamentals before the Group grows the assets aggressively. The Group also expects asset growth in Indonesia to be sustained whilst Singapore continues its double-digit growth. NIM however is expected to continue to be under pressure due to stiff competition and rising cost of funds.

For Insurance and Takaful, Maybank will continue to focus on strengthening its position as the leader in the industry. To achieve this, the Group will further strengthen its multidistribution concept and conclude its modern IT architecture. This will benefit the Insurance and Takaful group customer services and delivery standards.

We are seeing good early signs of success in investment banking leveraging the existing corporate banking customer base under GWB. In addition, the acquisition of Kim Eng Holdings Ltd. will accelerate our vision to become a regional financial services leader in ASEAN by combining Maybank's commercial banking presence in ASEAN, investment banking in Malaysia with a regional outlook and with Kim Eng's strong market positions in stockbroking. The acquisition will contribute towards acceleration of Maybank's regional expansion in investment banking and growth in fee income to become a leading ASEAN wholesale bank. With all approvals obtained for the acquisition of Kim Eng, the acquisition was completed on 10 May 2011. We expect to conclude the general offer by the end of the current financial year.

The Group will continue to bank on its wide distribution network, innovative financial products and packages, and branch expansion to strengthen its business growth. Improving asset quality and lowering credit cost will continue to be emphasized. Capital Management is robust with the high reinvestment rate for the Dividend Reinvestment Plan in relation to the interim dividend for FY2011. We will also continue to invest in people, technology and processes to realize our vision and strategic objectives.

The Group expects its financial performance for the year ending 30 June 2011 to be better than the last financial year. The Group is on track and remains positive on achieving its two Key Performance Indicators (KPIs) for the financial year ending 30 June 2011 for growth in loans and debt securities of 12% and Return of Equity of 14%.

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B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee.

B5. Tax Expense and Zakat

The analysis of the tax expense for the third quarter financial year ended 31 March 2011 are as follows:

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	410,088	442,328	1,110,022	1,085,316
Foreign income tax	28,399	(25,571)	130,826	21,684
	438,487	416,757	1,240,848	1,107,000
Over provision in respect of prior years:				
Malaysian income tax	(41,067)	-	(22,551)	-
Deferred tax expense				
- Origination and reversal of temporary differences	(14,170)	(23,177)	(55,577)	(94,149)
	(14,170)	(23,177)	(55,577)	(94,149)
Tax expense for the period	383,250	393,580	1,162,720	1,012,851
Zakat	6,061	(1,719)	12,682	5,046
	389,311	391,861	1,175,402	1,017,897

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	320,095	351,903	911,512	1,024,787
Foreign income tax	1,828	(548)	3,185	4,312
	321,923	351,355	914,697	1,029,099
Deferred tax expense				
- Origination and reversal of temporary differences	(17,115)	(53,892)	(31,920)	(96,017)
	(17,115)	(53,892)	(31,920)	(96,017)
Tax expense for the period	304,808	297,463	882,777	933,082

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (30 June 2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B6. Sale of Unquoted Investments and Properties

There were no material gains or losses on sale of investments or properties during the period other than in the ordinary course of business.

B7. Quoted Securities

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

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B8. Status of Corporate Proposals Announced but Not Completed

(a) Proposed Issuance Of, Offer For Subscription Or Purchase Of, Or Invitation To Subscribe For, Or Purchase Of Innovative Tier 1 Capital Securities (“IT1CS”) Programme Of Up To RM4.0 Billion And/Or Its Foreign Currency Equivalent In Nominal Value (“IT1CS Programme”) By Maybank

The IT1CS has been structured to comply with Bank Negara Malaysia’s (“BNM”) Guidelines on Innovative Tier 1 capital instruments. Maybank has obtained approvals from BNM and the Securities Commission vide their letters dated 28 May 2008 and 4 June 2008 respectively to issue the IT1CS Programme.

The IT1CS is issued in the form of capital securities via an IT1CS Programme. The IT1CS Programme would have a sixty-five (65) year tenure from the date of the first issuance.

The Bank shall have the option to redeem, in whole and not in part, any IT1CS issued on the First Optional Redemption Date of each IT1CS issued, which is a date falling no less than 10 years or no more than 15 years from the respective IT1CS date of first issuance, and every interest payment date thereafter, subject to prior approval of BNM.

The proceeds of the IT1CS Programme shall be used for Maybank’s working capital, general banking and other corporate purposes.

Maybank had so far issued 2 IT1CS Programme as follows:

(i) SGD600 million IT1CS

On 11 August 2008, Maybank issued SGD600 million IT1CS. The SGD IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate.

(ii) RM1.1 billion IT1CS

On 25 September 2008, Maybank issued RM1.10 billion of IT1CS, which forms part of the overall IT1CS Programme. The RM IT1CS matures on 25 September 2068, and is callable on 25 September 2018 and on every interest payment date thereafter.

There is no new issuance under the IT1CS Programme during the financial year.

(b) Dividend Reinvestment Plan

Maybank has put in place a recurrent and optional dividend reinvestment plan that allows shareholders of Maybank (“**Shareholders**”) to reinvest their Dividend (as defined below) into new ordinary share(s) of RM1.00 each in Maybank (“**Maybank Shares**”) (“**Dividend Reinvestment Plan**”).

The rationale of Maybank embarking on the Dividend Reinvestment Plan are as follows:

- a) To enhance and maximise Shareholders’ value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount;
- b) To provide the Shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Company through subscription of additional Maybank Shares without having to incur material transaction or other related costs.

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

(b) Dividend Reinvestment Plan (cont'd.)

- c) To benefit from the participation by Shareholders in the Dividend Reinvestment Plan to the extent that if the Shareholders elect to reinvest into new Maybank Shares, the cash which would otherwise be payable by way of Dividend will be reinvested to fund the continuing business growth of the Group. Reinvestment Plan will not only enlarge the Maybank's share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The second Dividend Reinvestment Plan is expected to complete on 13 May 2011. In the future whenever a cash dividend (either an interim, final, special or other dividend) ("**Dividend**") is announced, the Board may, in its absolute discretion, determine that the Dividend Reinvestment Plan will apply to the whole or a portion of the cash Dividend ("**Electable Portion**") and where applicable any remaining portion of the Dividend will be paid in cash.

Each Shareholder has the following options in respect of the Electable Portion:

- a) elect to receive the Electable Portion in cash; or
- b) elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals.

(c) Proposed Conversion to Syariah Banking and Capital Reduction of PT Bank Maybank Indocorp (Indonesia) ("Proposed Conversion")

Maybank has on 23 June 2010 announced the proposed conversion to Syariah Banking, and corresponding reduction of share capital of its 96.83% owned subsidiary incorporated in Indonesia, PT Bank Maybank Indocorp ("BMI"), based on an earlier decision by BMI's shareholders and subject to approval by the Indonesian central bank, Bank Indonesia ("BI").

On 1 October 2010, BMI has received the approval from BI on the conversion of BMI's business activities from Conventional Banking to Syariah Banking.

With effect from 23 September 2010, BMI has changed its name to PT Bank Maybank Syariah Indonesia ("MSI") and BMI's business activities have been converted from Conventional Banking to Syariah Banking. The performance of MSI is being reported under the Islamic Banking Scheme ("IBS") operations.

(d) Islamic Subordinated Bonds Facility of RM1.0 Billion With A Tenure Of 10 Years From Issue Date On A 10 Non-callable 5 Basis (the "Islamic Subordinated Bonds")

Maybank has on 24 November 2010 fully redeemed the Islamic Subordinated Bonds. The Islamic Subordinated Bonds were issued in November 2005.

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

- (e) (i) **Proposed Acquisition by Mayban IB Holdings Sdn Bhd (formerly known as Aseam Credit Sdn Bhd ("Mayban IB Holdings" or Offeror)), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd ("Kim Eng") , representing 44.63% of the issued and paid up share capital of Kim Eng**

(ii) Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by Mayban IB Holdings, its related corporations and their respective nominees ("Offer Shares") subject to completion of the Proposed Acquisition as defined herein

On 6 January 2011, Maybank announced that Mayban IB Holdings, a wholly-owned subsidiary of Maybank has entered into separate conditional Share Purchase Agreements ("**SPAs**") with each of Mr Ronald Anthony Ooi Thean Yat ("**Ronald Ooi**") and Yuanta Securities Asia Financial Services Limited ("**Yuanta Securities**") (collectively the "**Vendors**") (the "**Announcement**"), pursuant to which, *inter alia*:

- (a) Ronald Ooi has agreed to sell and procure the sale of, and Mayban IB Holdings has agreed to purchase, 89,082,698 ordinary shares ("**RO Sale Share**") in the capital of Kim Eng Holdings Limited ("**Kim Eng**"), representing approximately 15.44% of the ordinary shares ("**Kim Eng Shares**") in the capital of Kim Eng in issue as at the date of the Announcement, for an aggregate cash consideration of Singapore Dollar ("**SGD**") 276,156,363.80 ("**RO Consideration**"), being SGD3.10 in cash for each RO Sale Share; and
- (b) Yuanta Securities has agreed to sell, and Mayban IB Holdings has agreed to purchase, 168,476,566 Kim Eng Shares ("**Yuanta Sale Shares**"), and together with the RO Sale Shares, ("**Sale Shares**"), representing approximately 29.19% of the Kim Eng Shares in issue as at the date of the Announcement, for an aggregate cash consideration of SGD522,277,354.60 ("**Yuanta Consideration**"), being SGD3.10 in cash for each Yuanta Sale Share.

collectively referred as "**Proposed Acquisition**".

The total cash consideration payable by Mayban IB Holdings for the Sale Shares is SGD798.4 million (equivalent of approximately RM1,899.5 million) ("**Aggregate Consideration**").

Upon completion of the SPAs, Maybank via Mayban IB Holdings will emerge as the single largest shareholder of Kim Eng.

The total cash consideration per Kim Eng Share of SGD3.10 (equivalent of approximately RM7.37) was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

- (i) the unaudited consolidated shareholders' equity of Kim Eng for the 9-month financial period ended 30 September 2010 of SGD937.64 million (equivalent of approximately RM2,230.65 million);
- (ii) the price-to-book multiple of 1.91 times and 1.91 times based on the consideration price per Kim Eng of SGD3.10 (equivalent of approximately RM7.37) and the audited consolidated shareholders' equity of SGD938.98 million (equivalent of approximately RM2,233.83 million) as of 31 December 2009 and the unaudited consolidated shareholders' equity of SGD937.64 million (equivalent of approximately RM2,230.65 million) for the 9-month financial period ended 30 September 2010 respectively;

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

- (e) (i) **Proposed Acquisition by Mayban IB Holdings Sdn Bhd (formerly known as Aseam Credit Sdn Bhd (“Mayban IB Holdings” or Offeror”)), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd (“Kim Eng”) , representing 44.63% of the issued and paid up share capital of Kim Eng (cont'd.)**
- (ii) **Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by Mayban IB Holdings, its related corporations and their respective nominees (“Offer Shares”) subject to completion of the Proposed Acquisition as defined herein (cont'd.)**
- (iii) a premium of 18.3% to the five (5)-day volume-weighted average market price of Kim Eng Shares of SGD2.62 up to and including 5 January 2011, being the last trading day of Kim Eng Shares on the SGX-ST preceding the date of the Announcement; and
- (iv) earnings potential of Kim Eng and its subsidiaries (“**Kim Eng Group**”) and the potential benefits to Maybank Group.

There are no liabilities including contingent liabilities and guarantees to be assumed by Maybank under the Proposed Acquisition, other than those arising in the ordinary course of business of Kim Eng in the event the financial statements of Kim Eng Group are consolidated into financial statements of Maybank Group after completion of the Proposed Acquisition.

Upon completion of the SPAs, Maybank through Mayban IB Holdings will emerge as the single largest shareholder of Kim Eng. As Mayban IB Holdings’ shareholdings in Kim Eng exceeds 30% of the issued and paid-up share capital of Kim Eng upon completion of the Proposed Acquisition, Mayban IB Holdings is obliged to extend a mandatory general offer for all the Kim Eng Shares, other than those already owned by Mayban IB Holdings, its related corporations and their respective nominees, pursuant to Section 139 of the Securities and Futures Act, Chapter 289 and Rule 14.1 of the Singapore Code on Take-overs and Mergers.

On 6 January 2011, Nomura Singapore Limited (“**Nomura**”) announced for and on behalf of Mayban IB Holdings that Mayban IB Holdings intends to make a mandatory conditional cash offer (“**Offer**”) for all the Kim Eng Shares, other than the Kim Eng Shares already owned by Mayban IB Holdings, its related corporations and their respective nominees (“**Offer Shares**”), subject to the completion of the Proposed Acquisition, on the following terms:

- (i) For each Offer Share : SGD3.10 in cash (“**Offer Price**”)
- (ii) The Offer Shares will be acquired (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the date of the Announcement and hereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by Kim Eng on or after the date of the Announcement.

If any dividend, rights or other distribution is announced, declared, paid or made by Kim Eng on or after the date of the Announcement, the Offer Price will be reduced by the amount of such dividend, rights or other distribution.

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

(e) (i) **Proposed Acquisition by Mayban IB Holdings Sdn Bhd (formerly known as Aseam Credit Sdn Bhd (“Mayban IB Holdings” or Offeror”), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd (“Kim Eng”) , representing 44.63% of the issued and paid up share capital of Kim Eng (cont'd.)**

(ii) **Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by Mayban IB Holdings, its related corporations and their respective nominees (“Offer Shares”) subject to completion of the Proposed Acquisition as defined herein (cont'd.)**

(iii) The Offer, if and when made, will be conditional upon Mayban IB Holdings having received valid acceptances in respect of and/or acquired such number of Offer Shares which will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of Kim Eng.

It is not the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following the completion of the Offer, and the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) in connection with the Offer.

In the event the Offeror acquires 100% equity interest in Kim Eng, the total cash consideration would be SGD1,789 million (equivalent to approximately RM4,256 million).

The Proposed Acquisition will not have any effect on the issued and paid-up share capital, the substantial shareholders’ shareholding and the consolidated net assets per share position of Maybank as the Proposed Acquisition will be satisfied entirely by cash.

On 5 May 2011, Maybank announced that the pre-condition to the making of the Offer (“**Pre-Condition**”), which is the satisfaction of certain key conditions (including obtaining approvals from Bank Negara Malaysia and the Monetary Authority of Singapore) in accordance with the terms, and subject to the conditions of the SPAs, has been satisfied on 5 May 2011. Pursuant to the satisfaction of the Pre-Condition, Nomura has on 5 May 2011 announced on the SGX-ST, for and on behalf of Mayban IB Holdings, Mayban IB Holdings’ firm intention to make the Offer.

Upon completion of the Proposed Acquisition, Mayban IB Holdings will hold approximately 50.22 per cent. of Kim Eng and therefore, in accordance with the Notification of the Securities and Exchange Commission No. KorChor. 53/2545, Mayban IB Holdings will be required to make an offer for all the issued shares in Kim Eng Securities (Thailand) Public Company Limited (“KEST”) (“Thai Tender Offer”). Mayban IB Holdings will, following completion, announce its intention to make the Thai Tender Offer at an offer price of Baht 16.00 for each share in KEST. Further information on the Thai Tender Offer will be available on the websites of the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand at www.sec.or.th and www.set.or.th, respectively.

On 10 May 2011, Maybank announced that the Proposed Acquisition has been completed.

The Proposed Acquisition will not have any effect on the issued and paid-up share capital, the substantial shareholders’ shareholding and the consolidated net assets per share position of Maybank as the Proposed Acquisition will be satisfied entirely by cash.

The Proposed Acquisition is not expected to have any material effect on the earnings of the Maybank Group for the financial year ending (“FYE”) 30 June 2011.

The Proposed Acquisition is, however, expected to contribute positively to the revenue and earnings of the Maybank Group in the subsequent financial years.

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

(f) Maybank Islamic Berhad's Issuance of Tier 2 Capital Islamic Subordinated Sukuk of RM1.0 billion in Nominal Value ("Subordinated Sukuk")

On 31 March 2011, Maybank Islamic Berhad ("MIB"), a wholly owned subsidiary of Maybank, has successfully completed the issuance of RM1.0 billion Tier 2 Capital Islamic Subordinated Sukuk.

Approval for the issuance of the Subordinated Sukuk was obtained from the Securities Commission on 25 February 2011.

The Subordinated Sukuk which is based on the Islamic principle of Musyarakah, is rated AA+ (outlook stable) by Malaysian Rating Corporation Berhad (MARC) and carries tenure of 10 years from the issue date on a 10 non-callable 5 basis and qualifies as Tier 2 capital for the purpose of Malaysian capital adequacy regulation.

The proceeds from the issue will be used for MIB's working capital, general banking, business expansion programme and other corporate purposes.

(g) Proposed Establishment of an Employees' Share Scheme of Up to Ten Percent (10%) of the Issued and Paid-up Ordinary Share Capital of the Company at any Point in Time. ("Proposed ESS")

Maybank via the announcement on 19 April 2011 proposed to establish and implement an employees' share scheme ("ESS") of up to ten percent (10%) of the issued and paid-up share capital of Maybank at any point in time for the option(s) to subscribe for and/or award of new ordinary shares of RM1.00 each in Maybank ("**Maybank Shares**" or "**Scheme Shares**") to the following:

- (i) eligible employees and executive director(s) of Maybank and its branches and subsidiaries in Malaysia, excluding listed subsidiaries, overseas subsidiaries and subsidiaries which are dormant;
- (ii) eligible employees of overseas branches of Maybank; and
- (iii) top management and selected key eligible personnel of PT Bank Internasional Indonesia Tbk ("**BI**"),

(collectively referred to as "**Participating Maybank Group**")

Maybank proposes to establish and implement the Proposed ESS which will be valid for a period of seven (7) years. The Proposed ESS will be administered by the ESS Committee which is established by the Board. The Proposed ESS is intended to reward and retain Eligible Employees as well as to attract new talents in the future.

The proposed ESS is a portfolio approach with two (2) main vehicles as follows:

(i) Proposed Employee Share Option Scheme ("ESOS")

Under the proposed ESOS, an Eligible Employee may, within the period of the Proposed ESS ("**ESOS Option Period**"), at the discretion of the ESS Committee, be offered a certain number of options ("**ESOS Options**") at the offer date ("**ESOS Offer Date**"), subject to applicable terms and conditions ("**ESOS Offer**"). If the Eligible Employee decides to accept the ESOS Offer, he/she will be granted the ESOS Options, which can then be exercised, within a period of up to five (5) years, to subscribe for new Maybank Shares ("**Proposed ESOS**").

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

(g) Proposed Establishment of an Employees' Share Scheme of Up to Ten Percent (10%) of the Issued and Paid-up Ordinary Share Capital of the Company at any Point in Time. ("Proposed ESS") (cont'd.)

(ii) Proposed Performance-Based Restricted Share Unit ("RSU")

Under the proposed RSU, Maybank may from time to time, within the period of the Proposed ESS, at the discretion of the ESS Committee, invite a selected senior management personnel ("**Selected Senior Management**") to enter into an agreement with Maybank pursuant to the By-Laws whereupon Maybank shall agree to grant the Selected Senior Management an award of Scheme Shares ("**RSU Grant**") at future dates ("**RSU Grant Dates**"), subject to fulfilling the relevant service objectives and performance targets that have been set by the ESS Committee ("**Proposed RSU**").

The Scheme Shares under the Proposed RSU, will be granted over a five (5)-year period and will be vested on a three (3)-year cliff vesting schedule whereby the Selected Senior Management will be assessed based on, among others, the return on equity, relative total shareholders' return and individual performance, over a period of three (3) financial years as set out by the ESS Committee.

In the event that the Selected Senior Management does not meet the above targets over the said period set by the ESS Committee, the Scheme Shares will not be vested to him at the end of the three (3) financial years.

The Scheme Shares on the RSU Vesting Dates shall be settled by way of issuance and transfer of new Maybank Shares or by cash.

The Proposed ESS is subject to the approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the new Maybank Shares to be issued pursuant to the Proposed ESS;
- (ii) Bursa Depository for the transfer of Scheme Shares from the Trustee to the Scheme Participants;
- (iii) Bank Negara Malaysia for the increase in the issued and paid-up share capital of Maybank pursuant to the Proposed ESS;
- (iv) the shareholders of Maybank at an extraordinary general meeting ("**EGM**") to be convened; and
- (v) any other relevant regulatory authorities, where applicable.

(h) Establishment of US\$2,000,000,000.00 Multicurrency Medium Term Notes Programme ("MTN Programme") and Proposed Issuance of SGD1,000,000,000.00 Subordinated Notes in Nominal Value under the MTN Programme

Maybank has on 18 April 2011 announced that it has obtained approval from the Securities Commission ("**SC**") vide their letter dated 18 April 2011 for the establishment of the MTN Programme and the issue of notes thereunder.

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B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)

(h) Establishment of US\$2,000,000,000.00 Multicurrency Medium Term Notes Programme ("MTN Programme") and Proposed Issuance of SGD1,000,000,000.00 Subordinated Notes in Nominal Value under the MTN Programme (cont'd.)

The establishment of the MTN Programme will enable Maybank to issue from time to time, senior and/or subordinated notes (collectively "Notes") in currencies other than Ringgit Malaysia at any time, provided that the aggregate amount of outstanding Notes shall not at any time exceed US\$2,000,000,000.00 (or its equivalent in other currencies) in nominal value.

The MTN Programme also provides flexibility to Maybank to issue Notes from time to time through its Hong Kong Branch and/or its Singapore Branch.

The proceeds from each issuance of Notes will be used for Maybank's working capital, general banking and other corporate purposes.

Further to the above, Maybank has on 21 April 2011 announced that it had successfully priced its SGD1,000,000,000.00 Capital Subordinated Notes ("SGD Subordinated Notes") in nominal value. This issuance is the maiden issue under the MTN Programme.

The SGD Subordinated Notes is the largest single tranche transaction for a Malaysian borrower in Singapore and has received overwhelming response from investors in Singapore, Malaysia and Hong Kong resulting in an oversubscription of 1.7 times of the issuance size.

The SGD Subordinated Notes will qualify as Tier 2 capital for Maybank and was priced at 3.80% and carries a tenure of 10 years from the issue date on a 10 non-callable 5 basis.

The SGD Subordinated Notes have been accorded a rating of BBB+ by both Standard & Poor's Ratings Services and Fitch Ratings.

B9. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A12 and A13.

B10. Off-Balance Sheet Financial Instruments

Please refer to note A27.

B11. Changes in Material Litigation

- (a) In 2005, a subsidiary, Mayban Trustees Berhad ("MTB") and eleven other defendants were served with a writ of summons by ten plaintiffs/bondholders all of which are institutions, for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB has defended the suit.

On 7 July 2008, the plaintiffs entered judgment by consent against certain defendants for the sum of RM149.3 million. The entering of the said judgment by consent is not in any way an admission of liability on the part of MTB.

On 4 August 2008, a defendant served a counterclaim on MTB for approximately RM535 million being losses allegedly incurred by it as a result of MTB unlawfully declaring an Event Of Default ("EOD") on the bonds. The defendant had however on 25 August 2009 withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgement against MTB and another defendant, being the Arranger for the bonds, for RM149.3 million. The judgement sum in favour of the plaintiffs/bondholders was apportioned at 40% against MTB and 60% against the other defendant. The High Court also dismissed MTB's other claims.

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B11. Changes in Material Litigation (cont'd.)

- (a) MTB had on 26 July 2010 filed the respective Notices of Appeal against the entire decision of the High Court. On 19 August 2010, MTB's solicitors filed an application for a joint hearing of MTB's appeals (hereinafter referred to as "Application"). The other defendant (the Arranger for the bonds) served its Notice of Appeal against the entire decision of the High Court on 27 July 2010.

The Application was fixed for hearing on 22 September 2010 and the Court granted order in terms for the Application. MTB has decided, based on the advice of its lawyers, to discontinue the appeal against one of the litigants. MTB's Record Of Appeal has been filed on 1 December 2010. The Court Of Appeal is yet to fix a date for the hearing of MTB's appeals.

The Plaintiffs have on 9 December 2010 served on MTB's lawyers their Notice Of Cross Appeal wherein the Plaintiffs have sought to vary the judgement of the High Court to include pre-judgement interest at 8% from 1 October 2005 to 29 June 2010.

The Court of Appeal had on 15 April 2011, fixed the hearing of MTB's appeals as well as the other defendant's (the Arranger for the bonds) appeal on 20 September 2011 to 23 September 2011 and 26 September 2011 to 30 September 2011.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Etiqa Insurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three (3) other re-insurers.

- (b) In 2004, Etiqa Takaful Berhad ("ETB"), commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay monthly instalments.

The 1st Defendant counterclaimed for loss and damage amounting to approximately RM284 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. It is alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage. ETB are proceeding with their claim and are resisting the 1st Defendant's counterclaim. ETB had filed its Defence to the counterclaim and applied to strike out the counterclaim.

On 14 May 2009, the Court allowed ETB's application for summary judgment, but directed that a rebate be given if there is early settlement. The Court has also dismissed the 1st Defendant's counterclaim against ETB with costs. The 1st, 2nd and 4th Defendants filed their application for stay of execution of the summary judgment through their solicitors and the 3rd Defendant filed its application for stay of execution of the summary judgment through its own solicitors. Both applications for stay of execution were dismissed by the Kuala Lumpur High Court with costs.

All four Defendants then filed for appeal against the decision of the High Court at the Court of Appeal. On 4 March 2010 the Court of Appeal reversed the decision of the High Court and ordered that the matter be returned to the High Court for full hearing. Accordingly, the summary judgement obtained against all four Defendants is no longer operative. The full trial had since proceeded and recently concluded on 4 May 2011. The decision date has yet to be fixed by the High Court.

ETB's solicitors are of the view that ETB has a good chance of succeeding in this action.

- (c) A corporate borrower had issued a writ of summons and statement of claim against a subsidiary, Maybank Investment Bank Berhad ("Maybank IB"), in 2005 in the latter's capacity as agent bank for three financial institutions as syndicated lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB in connection with a credit facility transaction. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

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B11. Changes in Material Litigation (cont'd.)

- (c) The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the loan.

The High Court on 6 May 2009 entered judgement against Maybank IB as agent for the syndicated lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation. Maybank IB has filed a Notice of Appeal and an application for stay of execution of the judgement sum.

The balance of the judgement claim (including for general damages) against Maybank IB as agent for the syndicated lenders was ordered to be assessed by the Senior Assistant Registrar, at a later date. At this juncture, Maybank as one of the syndicated lenders has an exposure of RM48 million out of RM115.5 million judgement. Maybank IB has filed a Notice of Appeal and an application for stay of execution of the judgment sum.

Maybank IB had on 24 June 2009 obtained a stay order pending its appeal. The corporate borrower had on 24 June 2009 filed an appeal against the decision on the stay order ("Appeal") to the Court of Appeal. On 23 November 2009, the Court of Appeal dismissed the Appeal against the stay order.

Case management was first fixed on 3 June 2010 at the Court of Appeal for Maybank IB's appeal against the judgement obtained on 6 May 2009 at the High Court. On 3 June 2010, Maybank IB's solicitor's informed the Court that the notes of proceedings and the grounds of judgement have not been issued thus far. In view of the same, the Court fixed the matter for further case management on 29 July 2010 pending issuance of the notes of proceedings and the grounds of judgement. Case management date has now been fixed for 12 May 2011.

Maybank IB's solicitors are of the view that it has a more than even chance of succeeding in its appeal against the said judgment.

- (d) Mayban Trustees Berhad ("MTB"), as Trustee and Maybank Investment Bank Berhad ("Maybank IB") as Security Agent for the Senior Bonds and Junior Notes issued by a corporation were served with a Writ of Summons, Statement of Claim and Amended Statement of Claim on 29 December 2010 and 30 December 2010 respectively.

An individual as the sole Junior Noteholder of the Junior Notes issued, claimed against both MTB and Maybank IB, the sum of RM556.5 million together with interests and costs arising from the declaration made by MTB of an Event Of Default of the Senior Bonds and subsequent Event Of Default of the Junior Notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. MTB and Maybank IB do not admit any liability to this claim and will defend the suit. Trial has been fixed for several dates in July 2011.

Both Maybank IB's solicitors and MTB's solicitors are of the view that they each have a more than even chance of successfully defending this claim against them.

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B11. Changes in Material Litigation (cont'd.)

- (e) On 8 April 2010, a corporate borrower ("the Plaintiff") had filed a civil suit against Malayan Banking Berhad ("MBB") and two other Defendants at the Johor Bahru High Court ("JB High Court Suit") alleging that MBB was in breach of its obligations to the Plaintiff under several banking facilities between them for refusing to allow the drawdown and/or refusing to allow the further drawdown of the banking facilities.

MBB had offered several banking facilities to finance the Plaintiff's development in a mixed development project. Amongst the many securities granted were several debentures which gave MBB a right to appoint a receiver and manager over the Plaintiff in the event of default of the banking facilities.

The 2nd and 3rd Defendants were receivers and managers ("R&M") appointed by MBB under debentures given by the Plaintiff.

The Plaintiff had defaulted under the banking facilities granted by MBB resulting in MBB appointing the R&M.

Concurrent with this suit, the Plaintiff also filed an application for an interlocutory injunction to restrain MBB from exercising its right to appoint a R&M. The application was heard on 23 November 2010 and allowed.

MBB has filed an application to strike out the JB High Court Suit and the said application was dismissed by the JB High Court on 12 April 2011. MBB's solicitors had filed an appeal on 25 April 2011. MBB has also filed a counterclaim in the JB High Court Suit against the Plaintiff and its guarantors to recover all sums due and owing under the banking facilities by the Plaintiff. Pursuant thereto, MBB has also filed an application for summary judgment against the Plaintiff and its guarantors, which is now fixed for case management on 13 May 2011.

MBB was also subsequently served with a Writ of Summons and Statement of Claim on 25 March 2011 by the Plaintiff at the Kuala Lumpur High Court ("KL High Court Suit") for a sum of RM1.2 billion alleging that the appointment of the R&M was *mala fide* and with malice and that as a consequence thereof, it has purportedly suffered loss and damages.

MBB has entered its appearance to the KL High Court Suit on 30 March 2011. Its defence to the suit was filed on 19 April 2011. The KL High Court has directed the Plaintiff to file its reply to the defence by 16 May 2011 and fixed a case management date on 27 May 2011. The KL High Court has also fixed trial dates for the KL High Court Suit on 21, 22 and 28 September 2011.

MBB has been advised by its solicitors that there are no merits to the KL High Court Suit and it is frivolous and vexatious.

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B12. Disclosure of Realised and Unrealised Retained Earnings

Pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements with the guidance notes from Malaysian Institute of Accountants ("MIA") issued on 20 December 2010, the key items contributing to the realised and unrealised retained earnings of the Group and the Bank are disclosed as follows:

	31 March 2011 RM'000
Total retained profits of the Bank and its subsidiaries:	
- Realised	8,253,325
- Unrealised	1,307,567
	<u>9,560,892</u>
Total share of retained profits from associated companies:	
- Realised	309,328
	<u>309,328</u>
Total Group retained profits as per consolidated accounts	<u><u>9,870,220</u></u>

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B13. Earning Per Share (EPS)

Basic

The basic EPS of the Group is calculated by dividing the net profit for the quarter attributable to ordinary share holders of the parent by the weighted-average number of ordinary shares in issue during the quarter.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Net profit for the period (RM'000)	1,142,600	1,030,388	3,295,962	2,905,693
Weighted average number of ordinary shares in issue ('000)	7,322,240	7,077,983	7,186,542	7,077,948
Basic earnings per share ('000)	15.60 sen	14.56 sen	45.86 sen	41.05 sen

Diluted

The diluted EPS of the Group is calculated by dividing the net profit for the quarter and the cumulative year attributable to ordinary shareholders of the parent by the weighted-average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Option Scheme and under the Dividend Reinvestment Plan ("DRP").

In the diluted EPS calculation, it was assumed that the share options and the electable portion of the dividends issued under the DRP were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the quarter) based on the monetary value of the subscription rights attached to the outstanding share options and the number of shares that could have been issued at RM8.80 (determined as the 5-day volume weighted average market price of the Bank's shares up to and including 30 March 2011) based on the electable portion of the dividends issued under the DRP. These calculations serve to determine the number of dilutive shares to be added to the weighted-average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the period.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Net profit for the period (RM'000)	1,142,600	1,030,388	3,295,962	2,905,693
Weighted average number of ordinary shares in issue ('000)	7,322,240	7,077,983	7,186,542	7,077,948
Effects of dilution ('000)	38,875	-	38,875	-
Adjusted weighted average number of ordinary shares in issue ('000)	7,361,115	7,077,983	7,225,417	7,077,948
Diluted earnings per share ('000)	15.52 sen	14.56 sen	45.62 sen	41.05 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
12 May 2011